JPRS 76893 28 November 1980

West Europe Report No. 1660



FBIS FOREIGN BROADCAST INFORMATION SERVICE

JPRS publications contain information primarily from foreign newspapers, periodicals and books, but also from news agency transmissions and broadcasts. Materials from foreign-language sources are translated; those from English-language sources are transcribed or reprinted, with the original phrasing and other characteristics retained.

Headlines, editorial reports, and material enclosed in brackets [] are supplied by JPRS. Processing indicators such as [Text] or [Excerpt] in the first line of each item, or following the last line of a brief, indicate how the original information was processed. Where no processing indicator is given, the information was summarized or extracted.

Unfamiliar names rendered phonetically or transliterated are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear in the original but have been supplied as appropriate in context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by source.

The contents of this publication in no way represent the policies, views or attitudes of the U.S. Government.

PROCUREMENT OF PUBLICATIONS

JPRS publications may be ordered from the National Technical Information Service, Springfield, Virginia 22161. In ordering, it is recommended that the JPRS number, title, date and author, if applicable, of publication be cited.

Current JPRS publications are announced in Government Reports
Announcements issued semi-monthly by the National Technical
Information Service, and are listed in the Monthly Catalog of
U.S. Government Publications issued by the Superintendent of
Documents, U.S. Government Printing Office, Washington, D.C.
20402.

Indexes to this report (by keyword, author, personal names, title and series) are available from Bell & Howell, Old Marsfield Road, Wooster, Ohio 44691.

Correspondence pertaining to matters other than procurement may be addressed to Joint Publications Research Scrvice, 1000 North Glebe Road, Arlington, Virginia 22201.

WEST EUROPE REPORT

No. 1660

CONTENTS

THEATER NUCLEAR PORCES

PRANCE

FIGURE	
Experts Present Opinions on Security in Europe (Jean Klein; DEFENSE NATIONALE, Oct 80)	
ENERGY ECONOMICS	
INTERNATIONAL AFFAIRS	
First Natural Gas From Denmark Reaches Malmo (Bo Engzell; DAGENS NYHETER, 16 Oct 80)	1
DENMARK	
Government Plan To Assume Oil Industry Functions Hit (Editorial; BERLINGSKE TIDENDE, 23 Oct 80)	19
SWEDEN	
Private Oil Company To Increase Emergency Reserves (DAGENS NYHETER, 16 Oct 80)	2
Briefs Oil Tex Fund	2
COUNTRY SECTION	
INTERNATIONAL AFFAIRS	
EC Countries Raise Individual Trade Barriers Against Japan (DER SPIEGEL, 27 Oct 80)	2

	(LE MONDE, 19 Sep, 8 Oct 80)	2
	Background of Decision, by Francois Renard New Measures' Meaning, by Philippe Lemaitre	
AUSTRI	A	
	Steel Industry Faces Domestic, Foreign Market Problems (NEUE ZUERCHER ZEITUNG, 19/20 Oct 80)	32
BELGIU	TH CONTRACTOR OF THE CONTRACTO	
	Coalition Government Faces Grave Political Crisis (LE SOIR, 7 Oct 80)	34
	Martens Tries To Save Government Comments by Party Chairman Third Recent Crisis	
	Newspapers' Comments on Political Crisis (LE SOIR, 5-6 Oct 80)	47
	Martens IV Government May Not Include Liberals (LE SOIR, 5-6 Oct 80)	49
	New Government Institutes Austerity Program (NEUE ZUERCHER ZEITUNG, 18 Oct 80)	53
	Ethnicity: Dominant Factor in Young Flemings' Thinking (Colette Braeckman, et al.; LE SOIR, 25 Oct 80)	55
CANADA		
	Decisions of PQ National Council Termed Ambivalent (LA PRESSE, 7 Oct 80)	66
DENMAR	K .	
	Economy Minister: Country Cannot Afford Wage Increase (Lisbeth Knudsen; BERLINGSKE TIDENDE, 22 Oct 80)	68
	New Security Policy Committee May Handle Defense Plans (Rolf Bagger; BERLINGSKE AFTEN, 24 Oct 80)	70
	Labor Confederation Pledges To Prevent Real Wage Cut (Kermit Norlund; BERLINGSKE TIDENDE, 22 Oct 80)	74
	Paper Criticizes Government Measures as Inflationary (Editorial; BERLINGSKE TIDENDE, 28 Oct 80)	76

	Anti-EC Movement Leader Urges Against Forming Party	
	(BERLINGSKE TIDENDE, 26 Oct 80)	78
	Civil Defense Chief Pessimistic on Agency's Capability	
	(Mogens Auming; BERLINGSKE TIDENDE, 24 Oct 80)	79
	(Magein Amilia; Bealinooke Hilende, 24 Oct 60)	19
	Industry Finance Institute Reports on Investment Trends	
	(Frank Dahlgaard; BERLINGSKE TIDENDE, 28 Oct 80)	81
	Briefe	
	Private Consumption Drops	83
	Party Changes to Pro-NATO	84
	Military Retirement Age Aired	84
FEDERA	L REPUBLIC OF GERMANY	
	Albrecht on CDU/CSU After Election Defeat	
	(Ernst Albrecht Interview; DER SPIEGEL, 27 Oct 80)	85
	Banker Sees Continued High Interest Rates	
	(Walter Hesselbach Interview; WIRTSCHAFTSWOCHE,	
	A CONTRACT OF A SECOND CONTRACT OF THE PROPERTY OF THE PROPERT	93
	11 Oct 80)	93
	Rising Imports Increase Balance of Payments Deficit	
	(Michael Jungblut; DIE ZEIT, 3 Oct 80)	96
FINLAN	D	
	Banker on Problems of Three-Country Cooperation With USSR	
	(HUFVUDSTADSBLADET, 17 Oct 80)	100
	(norvoid iniddinate), 17 oct doj	200
	Fall Budget Supplement Provides for Extra Aircraft Purchases	
	(HUFVUDSTADSBLADET, 16 Oct 80)	101
FRANCE		
	Bonnet Speaks on Neo-Nazis, Terrorism, De Broglie	
	(LE MONDE, 24 Oct 80)	102
	PCF Internal Dissent Spreads: New Book Criticizes Marchais	
	(LE MONDE, 26-27 Oct 80)	105
	PCF Expelling Member Journalist	
	Members Denounce Racism Stance	
	Election Campaign 1981: Biography of PCF's Marchais	***
	(LE POINT, 6-12 Oct 80)	108
	Defense Budget Approaching 100 Billion Francs	
	(Philippe Carter: IE NOTURE ECONOMISTE 13 Oct 80)	117

	Roland's Place in Surface-tc-Air Artillery Clarified (Emmanuel Gepeyre; DEFENSE NATIONALE, Jun 80)	119
	PCF Expels Fizbin, Members	124
ICELAN	ID .	
	Paper Comments on Government Budget Proposal (Editorial; MORGUNBIADID, 17 Oct 80)	125
	Agreement of Independence Party Members May Help Heal Rift (Editorial; MORGUNBLADID, 16 Oct 80)	127
ITALY		
	Leftist Forces Call for Review of Security Services (Angelo Maria Perrino, Chiara Valentini; PANORAMA, 6 Oct 80)	129
	Problems of Agricultural Structures, Legislation Discussed (Franco Bortolani; IL GIORNALE, 7 Oct 80)	135
NETHER	RLANDS	
	Confessional Parties, CDA Merge Into One New Plant (NEUE ZUERCHER ZEITUNG, 14 Oct 80)	138
SWEDEN		
	Briefs Defense Command Exercises	141
SWITZE	RLAND	
	Geneva Protocol on Use of Deadly Weapons, Swiss Views (NEUE ZUERCHER ZEITUNG, 12/13 Oct 80)	142
TURKEY		
	Special Iraqi Envoy Meets With Even on War (CUMHURIYET, 10 Oct 80)	144
	'TERCUMAN' Comments on Politics, Army (Bazli Ilicak; TERCUMAN, 3 Oct 80)	145
	Special Courts To Speed Up Judicaal Process (Cevdet Mentes; CUMHURIYET, 2 Oct 80)	148
	Public Prosecutors Given Martial Law Legal Role (TERCUMAN, 9 Oct 80)	150

Penal System Undergoing Change (RURRIYET, 4 Oct 80)	151
Interest Rates Fail To Attract Savings (TERCUMAN, 10 Oct 80)	153

EXPERTS PRESENT OPINIONS ON SECURITY IN EUROPE

Paris DEFENSE NATIONALE in French Oct 80 pp 59-77

[Article by Jean Klein: "Confidence and Security Measures in Europe"]

[Text] The following article is a reviewed and updated version of a study published in German in a collection entitled "Friede durche zusammenarbeit in Europa" (Peace Through Cooperation in Europe) by Hansjuergen von Kries, president of "Politischer Club" (West Berlin), by Berlin Verlag [Publishers], in 1980, compiling reports prepared by a score of political scientists and experts on European questions of East and West, as well as neutral and nonalined on various aspects of cooperation in Europe. For the readers of this magazine, this article comes just in time, prior to the Madrid meeting of the signatories of the Final Act of Helsinki next November.

Disarmament presupposes confidence. Before embarking upon this road, one must create conditions promoting the success of negotiations by reducing the sources of tension and by making good-will gestures addressed to the adversary-partner. In the past, proposals, such as the "open skies" plan of President Eisenhower (1955), the conclusion of the Panmunjom armistice in Korea (1953), and the negotiated settlement of the Cuban missile crisis (1962) had a positive effect on the course of disarmament talks although their effects were rather limited and not at all lasting. Conversely, in a divided world, where precautionary armaments are being accumulated, countries will agree to get rid of those weapons only in exchange for strong guarantees as to the implementation of commitments undertaken and the maintenance of their security.

It appeared very quickly that the elimination of nuclear arms stockpiles was beyond control and that general and complete disarmament was a goal beyond reach. Starting with the sixties, we began to orient ourselves toward the conclusion of selective accords in areas where the strategic

interests of the Big Two were convergent and where verification did not run into insurmountable obstacles. The regulation of armaments, which resulted from that, goes back to the idea of arms control whose final purpose is not so much the limitation of armaments but rather the prevention of nuclear war through the stabilization of deterrent equilibriums. The results attained so far are modest and are constantly being challenged by the pace of technological innovation. Besides, control over measures agreed upon is provided by national verification means, especially observation satellites, on which the United States and the Soviet Union have a monopoly. Basically discriminatory, the arms control system therefore would not satisfy the small and medium powers which would only derive temporary benefits from them and which are invited to subscribe to arrangements toward whose drafting they only made a ridiculously small contribution.

The vicissitudes of disarmament and the arms control crisis thus persuaded the European countries to experiment with methods of their own in order to consolidate detente and reduce the risks of armed conflict. Since the middle of the sixties, we have been witnessing a change in relations between East and West which is expressed by a rapprochement between the two sides on the continent and the development of exchanges between countries with different economic and social regimes. The FRG has normalized its relations with its eastern neighbors and a way of getting along has developed between the two German states which were admitted to the UN in 1973. The Berlin issue—which so often was the pretext or the object of international crises—has been provisionally settled through a quadripartite agreement which took effect in June 1972. Finally, the CSCE, which began in July 1973, ended in August 1975 with the adoption of a good-conduct code to which 33 European countries, as well as the United States and Canada, declared they wanted to conform in the future.

The political detente consecrated by the final act of Helsinki nevertheless is in jeopardy if we somehow do not manage to extend it regarding the military aspects of security, especially through regional disarmament. Negotiations to that end have been going on in Vienna since October 1973 but, in spite of reciprocal concessions, little progress has been recorded and it would be rather hazardous to venture a prediction as to the outcome of the talks simed at a mutual reduction of forces in Central Europe (MBFR). This is why the 35 countries participating in the CSCE adopted a more modest formula, the formula of measures of confidence (MDC), it being understood that their application would prepare the way to real disarmament.

During the Relgrade review conference (1977-78), the MDC were the subject of a positive evaluation and it was revealed that all countries had reported their major maneuvers according to the procedure agreed upon. Nevertheless, the proposals made to develop the MDC and broaden their field of application did not lead anywhere. The countries of the Warsaw Pact, which had signed the MDC rather with reluctance and which were applying them

with circumspection, were not disposed to go beyond that which had been agreed upon at Helsinki and thought that the experience acquired in less than 2 years was not enough to permit them to have an opinion on their significance. Other countries, especially France, were inclined to believe that the confidence measures taken in isolation only had a limited effect and that it would be inopportune to assign them a major role in the promotion of military detente. They put the accent on the risks involved in the continuation of the arms race and they kept pressing for measures aimed at reducing the factors that most destabilized the military balance. Finally, Romania and the neutral and nonalined countries pleaded for an extension of the MDC which they considered a barrier against the more visible threats to their security.

Since then, new elements have been introduced into the debate. In May 1978, France proposed a conference on disarmament in Europe (CDE) which would be attended by the 35 member states of the CSCE. The important thing here was to negotiate the application of restrictive confidence measures in a geographic area extending from the Atlantic to the Ural Mountains and simultaneously to look for the bases of an accord on the limitation of conventional weapons so as to correct the existing asymmetries and prevent aggression by surprise. The Warsaw Pact countries in turn were looking with more favor then in the past upon the adoption of new confidence measures and in May 1979 they made proposals which took into account certain aspects of the French plan. Within the perspective of the review conference (CSCE), which is to meet in Madrid in November 1980, it is thus useful to look into the issue by successively examining the MDC adopted at Helsinki, those which were debated at Belgrade, and the chances of negotiations on the arrangement of the military equilibrium, within a regional framework, for which the MDC would only be the prelude.

1. Origin and Methods of Helsinki Confidence Measures

The particular characteristic of the confidence measures in the CSCE deliberations springs from the decision made in 1972 by the two protagonists to dissociate negotiations on disarmament from the multilateral debate on security and exchanges. When the Warsaw Pact countries in March 1969 came out with the idea of a pan-European security conference, the reception was rather cold in the West; but after a socialist-liberal coalition came to power in Bonn and after the initial successes of West Germany's Fastern Policy, the members of the Atlantic Alliance accepted the principle of such a meeting, provided that it would also discuss the military aspect of security and especially a mutual and balanced reduction of forces, according to the formula adopted at Reykjavik in June 1968. This proposal did not produce any echo in the East at a time when the establishment was being challenged in Prague and when the leaders of the socialist countries did not want to tie their hands so as to be able to respond to any eventuality. Lately, the viewpoints of the East and West have been getting closer to each other and after the signing of the first SALT accords, Messrs Brezhnev and Nixon gave their backing to the opening of talks on security in Europe;

these talks took place on two levels: the CSCE, which was attended by all European countries as well as the United States and Canada, and a separate conference which debated the "reciprocal reduction of armed forces and armaments, first of all in Central Europe." These negotiations, known by the abbreviation MBFR, took up the military organizations of the two alliances and reflected the division of the continent into two opposing systems. On the other hand, the CSCE was a conference between states where the splits between East and West were less clear due to the fact of the participation of the neutral and nonalined countries. Within the framework of the MBFR, it was important to proceed to providing a military balance on the European continent through a dialogue between blocs while the CSCE offered a certain latitude for the countries in order to permit them to advance their own concepts on security and cooperation outside military alliances.

During the preliminary conversations which took place at Dipoli, Finland, from November 1972 until June 1973, the neutral and nonalined countries, as well as Romania employed the freedom that had been granted them in order to question the division of labor which had been decided upon in Moscow in May 1972 and which had been confirmed while Mr Kissinger was in the USSR in September. In their eyes, disarmament must not remain the exclusive prerogative of alliances and, if considerations of timeliness and effectiveness had been able to justify the mutual reduction of forces to be assigned to a small body, the countries kept out of the MBFR would have been justified in demanding the right to look in on negotiations whose development and results would necessarily affect their security. These requests were turned down because the United States and the Soviet Union objected that only countries situated in the limitation zone properly speaking and those which were deploying troops there were concerned with these negotiations and that the enlargement of the debate, that is to say, the creation of an appeal authority, would threaten the success of the entire undertaking. As for France, it had from the very beginning expressed reservations regarding MBFR and did not want to participate in an exercise which entailed the double inconvenience of strengthening the structure of the blocs and introducing into Europe a supplementary factor of division through the creation of a zone with a special status. It therefore did not seem opportune to it to establish an organizational link between two negotiations as dissimilar as these and, in the end, it came to pass that these negotiations were conducted separately. Nevertheless, in the absence of disarmament, it was agreed that the CSCE would take up the military aspects of security through measures designed to "strengthen confidence and increase stability."

The MDC negotiations within the framework of the first committee of the CSCE in Geneva, from 1973 until 1975, were laborious because of the diversity of views on this matter within the Western group, the reluctance of the USSR regarding measures which, without any real counterpart, would be expressed through interference in their security policy, as well as the

maximum damands presented by Romania and the neutral and nonalined countries. The latter wanted greater transparency of military activities and furthermore demanded notification of military maneuvers, as well as troop movements in all land, air, and maritime spaces, as well as the withdrawal of foreign forces stationed on the territory of CSCE member states. The Westerners were divided on the advisability of reporting military movements and the USSR had a rather restrictive concept of that idea, wishing to undertake commitments only regarding major military maneuvers and an exchange of observers under "mutually acceptable conditions." It was only during the last phase of the committee work of the CSCE that it became possible to overcome the main difficulties and to draft a compromise formula which received unanimous support or at least which did not trigger any major objections liable to wreck the consensus.

While most of the small and medium countries wanted the confidence measures to be obligatory, it was the political and discretionary concept which prevailed. However, the final act of Helsinki makes a distinction between major military maneuvers, which require notification the moment certain conditions have been met, and the other exercises where the countries concerned are the judges of the timeliness and methods of notification. Beyond the ambiguities of language, we are thus certainly dealing here with an obligation that is at least political in the case of the first assumption; in the case of the second one, the confidence measures are optional and depend on the good will of the signatory countries whose behavior varies greatly, depending upon whether one deals with socialist or western countries, neutrals or members of an alliance, big countries or little countries.

The document on confidence measures is supplemented by general considerations on disarmament and the supplementary nature of the political and military aspects of security. The idea here was to indicate the link between the MDC and any moves aimed at a limitation of military potentials but that link is rather weak and could not be interpreted as the affirmation of a directly operative relationship between the CSCE and the MBFR. The rather civilized formulation of the last paragraph in the "general considerations" stresses the importance -- for those countries which do not participate in negotiations on regional disarmament -- of the fact of being informed of their progress and their results and the interest 'hich they have in seeing to it that their views are taken into consider .ion during the talks which take place beyond their reach. There was no learer way to show the interested parties that the separation between 1 2 two negotiations is a fact and that nothing must upset this arrangement since the countries involved in the MBFR are the only judges of the moves to be made in order to meet the very vague obligation which they undertook with regard to the other countries of the CSCE.

11. Reigrade Conference and Extension of MDC

Although the confidence measures spelled out in the final act of Helsinki are not obligatory in the legal sense of the term, they are considered as the touchstone of detente and so far, all countries have applied them under conditions considered satisfactory despite the gap which exists between the practice of one group and the other. If we believe the official records, particularly the report from the West German delegation to the disarmament committee in May 19792 and the biennial report of the "Bureau of Public Affairs" of the State Department3, then prior notification of major military maneuvers and the exchange of observers did take place in 49 cases since the August 1973 Welsinki summit. During the same period of time, 25 minor military maneuvers were reported and it was possible to detect a noteworthy increase in visits of military delegations. However, it must be noted that the implementation of MDC varies greatly from one country to the next, although one may have been tempted over the past several years to come up with a common system or at least to render certain confidence-building measures obligatory, that is, measures which are within the discretionary competence of the states4.

The countries of the Atlantic Alliance, starting in autumn 1975, reported all of their maneuvers beginning with a total of 10,000 men, in other words, the threshold figure proposed by them in the beginning. In certain cases, that threshold was even lowered and countries, such as Norway and Denmark, reported maneuvers of less than 10,000 men. According to the circumstances, all of the CSCE countries or only some among them were invited to send observers; the latter generally received the benefit of all facilities necessary to the accomplishment of their mission and did not complain about the reception given them. In the beginning, the members of the Warsaw Pact declined the invitation of the countries of the Atlantic Alliance and did not change their negative attitude until the eve of the Belgrade review conference5. There are however some difficulties when the particular maneuver takes place on the territory of the FRG because the West German government only accepts diplomatic personnel stationed in Bonn as observers. Since the GDR does not have any military attache with its mission in the FRG, it is thus excluded from this confidence-building messure which is liable to cause friction between the two German states. Besides, in order not to inconvenience the West German ally, the other western countries refrain from inviting the East German military attaches, accredited in their captials, when they participate in joint maneuvers on the central front.

The Warsaw Pact countries confined themselves to reporting only major maneuvers and only Hungary has made an exception to the rule prevailing in the socialist camp in this regard by announcing maneuvers involving less than 25,000 men. Nevertheless, the Hungarian leaders felt that they did not have to stick to the obligatory parameters spelled out by the final act of Helsinki because this was a voluntary move and because there was therefore no need to take action within the 21-day advance notice deadline. As a matter of fact the other CSCE countries officially were informed that maneuvers were going to be held the day before or on the same day they started—

and that hardly contributed to the attainment of the proclaimed objective which is the establishment or restoration of confidence. Regarding observer exchange, the Soviet Union gradually enlarged the group of countries invited to attend maneuvers in socialist countries. Thus, only the neighboring countries were invited to attend the "Caucasus" maneuvers (January 1976) and "Sever" maneuvers (June 1976); the "Carpathian" maneuvers (July 1979) were observed by the countries of the Warsaw Pact as well as by France, Italy, the FRG, Switzerland, and Yugoslavia. Finally, the United States was invited for the first time to attend Soviet maneuvers in Pebruary 1978 ("Berezina"). The first experiences of western and neutral observers were not always conclusive and eyewitness reports are full of the difficulties which they encountered in accomplishing their assignment. It seems that the most serious shortcomings were corrected upon the approach of the Belgrade conference and that adjustments were made in the organization of maneuvers to permit their observation under more satisfactory conditions. Finally, while the USSR and its allies hesitated to send observers to the maneuvers of the Atlantic Alliance and did not start doing so until 1977, they did not display the game reluctance in dealing with the NNA [neutral and nonalined countries] .

Among the NNA, only Switzerland reports its major maneuvers, while Sweden and Yugoslavia have displayed a more open attitude and organize publicity for their maneuvers starting with 10,000 men. However, this attitude is not systematic and it was found that, during the period of 1 December 1978 until 31 May 1979, the NNA maintained silence on their minor maneuvers.

It was finally observed that, following the signature of the final act of Helsinki, exchanges of military personnel and visits of military delegations developed and were diversified. On the other hand, none of the signatory states has used the faculty of reporting troop accements and it is know that the Big Two expressed very definite reservations against such a measure when it was discussed at the CSCE. But these initial objections might be dropped and the question might be taken up in the future in a positive approach, considering the evolution which has been taking shape since the Belgrade conference. In any case, the small and medium countries consider a limitation of military movements to be a contribution to the maintenance of security and stability in Europe and they do not cease to try to get this idea accepted.

During the Belgrade conference⁸, it was thus noted that the obligatory confidence-building measures had been applied by all participating countries although some of them had found a need for remedying the shortcomings observed and did their utmost to broaden the field of application of the Helsinki MDC. We would now only have to analyze all of the proposals that were submitted in order "to develop and extend the measures intended to strengthen confidence" and we will confine ourselves to presenting a brief review. There were three theses involved here:

In the Western group, four countries (Canada, Great Britain, Norway, and Holland) made proposals which were aimed at completing the provisions

pertaining to the MDC. In particular, it was important to make obligatory the reporting of maneuvers starting with 10,000 men as well as major military movements according to parameters comparable to those stated for maneuvers in the final act of Helsinki. Besides, in order to enable the confidence-building measures, which had already been decided on and which were being applied, to produce all of their effects, the four demanded that the status of observers to be assigned to maneuvers be spelled out and that maximum information be furnished on the characteristics, importance, and development of military exercises giving rise to notification.

The seven NNA were also concerned with remedying the shortcomings of the MDC and lined up with the Westerners to demand an improvement in the status of observers as well as a more strict definition of obligations relative to publicity for troop movements. However, the way they took up the problem of reporting maneuvers was original to the extent that they did not recommend lowering the minimum figure on personnel committed but suggested that consideration be given to all of the exercises placed under a common command and being carried out at "closely-spaced time intervals and places," provided they comprised a total of more than 25,000 men in ground units. Thus, the countries were no longer able to avoid their obligation of reporting major maneuvers by breaking up the corresponding exercises and making as if the personnel of the units involved in these movements did not reach the fateful threshold of 25,000 men. Besides, the NNA came out in favor of an extension of reporting to include naval mancuvers as well as movements which took place "near the territorial waters of other participating countries," this latter concern being expressed especially by Yugoslavia. Finally, on Sweden's suggestion, they pleaded for greater transparency of military activities in general and budgets in particular.

Romania subjectibed to most of the initiatives of the Westerners and the NNA relative to the reporting of ground maneuvers and naval movements but it also made supplementary proposals which went very far beyond what had been agreed upon at Helsinki: reporting of air maneuvers, prohibition on multinational maneuvers near the borders of other participating countries, a pledge not to create new military bases on the continent and not to station troops on the territory of other countries, a freeze on military budgets on the level they had reached in 1978, etc.

Although certain elements in the Romanian plan had been exploited by the USSR for propaganda purposes (especially the freeze on budgets), it was evident that the maximalist concepts which were expressed here had no chance of being accepted. Indeed, the Soviet Union felt that the experience acquired in the field of MDC was insufficient and that there was no question of adopting new measures before those adopted at Helsinki had been tested. It however did not rule out the possibility that one might look for formulas permitting the improvement of the implementation of reporting on major military maneuvers, the exchange of observers, and visits

of military delegations. Besides, they proposed that a ceiling of 50,000-60,000 men be established for major maneuvers and eagerly looked forward to the extension of the MDC to the Mediterranean Basán if the countries along the southern shore should so desire. During the Belgrade talks, the USNR expressed a particular predilection for general debate on the arms race and disarmament but since these problems were taken up in other areas, one must not expect that their solution was speeded up by this kind of intervention. In this particular case, they could only bother the Mesterners who considered this move a kind of diversionary maneuver and an attitude of rejection toward all proposals intended to remedy the deficiencies in the application of the Helsinki MDC.

Bogged down in the quarrel on human rights, the Belgrade conference closed on 8 March 1978 with the adoption of a brief communique expressing the smallest common denominator of the concerns of the participating countries. The confidence-building measures were not taken up there because, in this field, the disagreements between the three groups and within each of them did not make it possible to come up with a definition of a common position. Due " the lack of consensus, the Soviets suggested the continuation of the examination of these issues within the framework of special consultations while the NNA proposed the creation of a group of experts that would be briefed on all of the proposals relative to the HDC in order to find the foundations for an accord within the perspective of the Madrid conference which was to meet in November 1980. These suggestions were not received unanimously and the Belgrade conference ended without any tangible results. This semi-failure however does not mean that the debate is over and that the experience of the MDC has been cut short. There is every indication on the contrary that the military aspects of security in Europe will be of the utmost concern during the years to come and that the evolution which is emerging is moving toward the in-depth development and broadening of confidence-building measures, taken in isolation or in conjunction with a regional arms limitation.

III. Confidence-Building Heasures and Disarmament in Europe

The Belgrade review conference took its course when the French government suggested taking up military problems in Europe according to new methods. On 24 August 1977, a communique from the cabinet had announced that France was making an effort to review disarmament and would present an overall plan at the proper moment; on 25 January 1978, the broad outlines of the French proposal were made public and in particular involved a European aspect, the objective being to correct the disparities in the conventional armament plan and to reduce the elements that were most destabilizing to the current situation. Finally, in his speech to the United Nations General Assembly, President Giscard d'Estaing proposed a conference on disarmament in Europe which would be attended by the 35 countries that signed the final act of Helsinki. Shortly afterward, a memorandum was sent to all of the interested countries; it spelled out the objectives to be attained, it indicated the field of application of measures to be agreed upon, and it included suggestions as to the procedure to be followed.

In the eyes of the French Covernment, the important thing was to prime the process of disarmament in Europe in a cautious and progressive fashion, starting with the adoption of measures suitable for strengthening confidence; it was only in a subsequent stage that an effort would be made to achieve a limitation on the most destabilizing conventional armaments, during each stage taking into account the right of all countries to preserve their security. The zone to be taken into consideration would go beyond that involved in the MBFR and would cover the entire European .erritories of the participating countries, from "the Atlantic to the Urals." The negotiations involved only "conventional major air-ground armaments with a strong offensive capacity" as well as personnel and the corresponding logistic support. Nuclear weapons were excluded because it is impossible "to reconcile all of the conventional arms and the nuclear arms together since they are of a fundamentally different nature"; besides, the French Government considered erroneous any "attempt to individualize nuclear arms concerning only the European theater since long-range stratagic weapons can be used in Europe just like tactical weapons." Their fate would then have to be discussed in other forums.

While indicating the distance between the CDE (European Disarmament Conference) and the negotiations which were going on in Vienna in connection with the MBFR, the French Government hinted on several occasions that these two efforts were not incompatible and that they could be developed parallel. Regarding the organization of the CDE, it came out in favor of a preparatory meeting which would have to draft the agenda and the procedural rules; the latter would be inspired by those of the CSCE (decisions based on consensus and rotation of chair). Finally, the French memorandum, in an annex, included a draft of an agenda aimed, on the one hand, at measures dealing with reciprocal information on armed forces and the stabilization of existing balances, and, on the other hand, at a reduction of air-ground forces with a strong offensive capacity and their verification by appropriate means.

The proposal for a European disarmament conference turned most of the partners of France and the countries of the East off. It continues to trigger reservations, especially due to the fact that nuclear arms are not covered. However, since the autumn of 1978, we have been detecting eignificant convergences between the concepts of the countries concerned which augur well for a revival of the discussion on the military aspects of security in Europe within the perspective of the Madrid conference. The Atlantic Alliance member countries thus saw the benefits they could derive from a broadening of the debate on arms limitation in Europe after having obtained assurances concerning the continuation of negotiations in Vienna (MBFR). Far from opposing the French idea, they decided to examine the possibilities which it presented in order to restore confidence and strengthen security on the European continent. The NNA are still wondering about the compatibility of a conference on disarmament in Europe with a CSCE which would run the risk of being deprived of its substance if it

were stripped of all competence in military matters. In this regard, the evolution which is emerging is not running in the direction of a "capitis diminutio" [reduced authority] of CSCE but instead tends to strengthen its authority since this would involve turning it into a deliberative body in the matter of regional disarrament. The CDE would thus act as a negotiating body mandated by it and regular reports would make it possible to exercise the right of inspection over the state of progress of these efforts. If this formula were to be selected, a traditional demand of the NNA countries would have been met and the fears which they expressed, regarding the negative effect of the French proposal, would become irrelevant. Finally, the Warsaw Pact countries displayed a certain opening regarding the broadening of the field of obligation of the confidence-building measures and their initial objections to the French proposal have been toned down.

in the Moscow declaration of the political consultative committee dated 23 November 197810, we find a passage which takes into account the French suggestions by proposing a discussion on problems "of military detente and disermament in Europe with the participation of all countries that signed the final act of Helsinki." In an election speech delivered in Moscow on 2 March 1979, Mr Brezhnev implicitly admitted the justification behind the objection according to which a ban on the use of nuclear armaments would make the use of conventional-type weapons more likely. To remove any doubts, he proposed the completion of the "no first use" accord put out in November 1976 in Bucharest in the form of a nonaggression pact between all member countries of the CSCE. One further step was taken during the trip of the French president to the USSR (26-28 April) because, at the end of that summit meeting, the two parties agreed on the "necessity of a collective examination by the signatory states of the final act of Helsinki regarding questions concerning the attenuation of the military confrontation, measures suitable for strengthening confidence, diminution of the concentration of armaments in Europe and their reduction"11. Finally, the Committee of Foreign Affairs Ministers of the Warsaw Pact meeting in Budapest on 14 and 15 May 1979, proposed the convocation of a pan-European conference on military detente and came up with precise suggestions on the issues to be taken up there 12.

In addition to the nonaggression pact between all CSCE member countries and the "nonextension of military-political groupings in Europe" (a very obvious allusion to Spain's joining NATO), the Budapest communique (Article 2) envisaged the implementation of the following confidence-building measures: reporting of major air maneuvers in the zone provided for by the Helsinki act, notification on major naval maneuvers in the proximity of the territorial waters of other participating countries, extension of the MDC to the Hediterranean, ceiling on military maneuvers, and finally, prior reporting of significant troop movements. In his East Berlin speech (6 October), Mr Brezhnev introduced specific supplementary points indicating that prior notification on maneuvers and ground troop movements in the reference zone would come in as of a threshold of 20,000 men and no longer

25,000 men, a figure which had been selected in Helsinki¹³. Besides, the Soviet Union was ready, on the basis of reciprocity, not to organize maneuvers with the participation of more than 40,000-50,000 men. These different propositions were explained in the communique published at the end of the meeting of the Coumittee of Foreign Ministers of the Wareaw Pact in East Berlin on 6 December 1979¹⁴. The list of MDC contained in Article 4 was not restrictive and the countries of the Pact indicated that they were ready to examine any other proposal or suggestion which would be aimed at a diminution of the military confrontation and the prevention of conflict in Europe. In their eyes, the adoption of broader confidence-building measures would make it possible to create conditions favorable to a further reduction of armed forces and armaments. Finally, the preparation of the conference on military detente was to be multilateral and was to be part of the perspective of the CSCE so that a decision could be made at the Madrid meeting in the autumn of 1980.

The ministers of the 15 member countries of the Atlantic Alliance, meeting in Brussels on 13 and 14 December 1979, for their part, revealed that "the proposals recently advanced by the countries of the East partly reflect Western proposals" and thought that the CSCE offered "opportunities for developing the existing dialogue and seeking new areas of understanding 15. In this regard, they welcomed the French proposal for a conference on European disarmament and envisaged the adoption, at the Madrid meeting, of a mandate for "new negotiations on significant confidence-building measures in military terms, verifiable and applicable on the scale of the entire European continent." These measures would contribute to the creation of conditions permitting the achievement of a limitation and a reduction of armament in the same geographic zone, during a further phase of talks. Thus, agreements appeared in positions of the East and West but, within the Atlantic Alliance itself, dissonances continued to exist both regarding the evaluation of the timeliness of this move as well as the evaluation of chances of disarmament negotiated by 35 countries. While the French government definitely came out in favor of a conference which would be attended by all CSCE countries and indicated in what way the interconnection between these two negotiations could be achieved 16, the United States government proved to be more reserved and gave everyone to understand that the convocation of a CDE made no sense if it was part of the "constructive and balanced framework of debates under the CSCE." It was thus necessary first of all to make sure of the proper execution of commitments undertaken at Helsinki, especially in the humanitarian field, where the provisions of the Final Act "directly affect the daily life of our fellow citizens and our peoples of Europe¹⁷. Now, a review of what has been accomplished since 1975 is far from positive and it will be easy to find pretexts or even good reasons to postpone the convocation of a conference on the military aspects of security in Europe.

The crisis that was started by USSR military intervention in Afghanistan struck a severe blow to the policy of detente but it is significant that

process in negotiations on "security and cooperation in Europe" was not interrupted. The countries of the Wareaw Pact restated their proposals in the declaration published on 15 May 1980 at the end of the meeting of the Political Consultative Committee and supported the Polish idea of holding the conference on military detents and disarmament in Warsawis. The Atlantic Council, which met in Ankara on 25 and 26 June, did back up the proposal for a CDE along the lines of the French model but did not entirely remove the uncertainties regarding the future of that undertaking and the support it has within the alliance. It seems that the viewpoints of France and the FRG, both of which would like to go forward, do not coincide with those of the United States who proved to be more circumspect and who would make the convocation of a conference on disarrament dependent on the results recorded at Madrid in terms of the evaluation of the application of the Final Act of Helsinki19. France, for its part, believes that a dialogue is never more necessary than during a period of crisis and that it is up to it to try to reduce international tension. It also took care to keep lines of communication open with the Soviet Union in order to persuade the latter to make the moves necessary for a return to a normal situation "where the Afghan people could freely determine its destiny"20. Regarding European security, it feels that, under present circumstances, it is important to restore confidence and thus to open the way to disarmament. Finally, in the press announcement released at the end of the visit of Mr Gromyko to Paris (23-25 April 1980), the foreign affairs ministers of the USSR and France expressed the wish that the Madrid meeting be held in a climate that would make it possible to arrive at useful results and that a mandate be adopted in Madrid for a conference on "the military aspects of security and disarmament in Europe"21.

In spite of the "positive convergences" which appeared between the French proposals and those of the Warsaw Pact22, it would be rather hazardous to try to come up with any prediction on the chances of a disarmament conference In Europe, or on the strength of that to conclude that there would be the possibility of an agreement on disputed points, such as the definition of the zone, the destiny of nuclear arms, and the link between the MDC and the reduction of armaments as such. Of course, the confidence-building measures did acquire special status after they were spelled out in the Final Act of Helsinki and we today witness the rise of a state of mind favorable to their extension, especially in the NNA. However, it would be illusory to consider the MDC a panacea and to credit them with virtues which they could not have in the absence of real arms settlements. They can have significance only if they are associated with disarmament or if they constitute a prelude for it and in this regard we must wonder about the best methods for consolidating political detente through a diminution in the military confrontation.

The French proposition regarding the CDE deserves attention to the extent that it considers the MDC as an integral part of a process whose ultimate purpose would be a limitation of armed forces and armaments or at least a

reduction of the elements which are most destabilizing regarding the military balance in Europe. If this idea were adopted, one might envisage multilateral coordination on all military aspects of security which would find its high point at the Madrid conference and which could lead to the convocation of a conference on disarmament according to the French model. In this way one would safeguard the rights of all interested parties without compromising the negotiations on confidence-building measures which would be more ambitious than those provided for in the Final Act of Helsinki, nor the conclusion of accords on arms limitations in a zone much vaster than the one envisaged at the Vienna conference on MBFR. It is within this perspective that one must place the confidence-building measures if one wishes them to serve for the promotion of military detente in Europe instead of remaining an imperfect substitute for impossible disarmament.

July 1980--Jean Klein, Chief of Research, CNRS [National Center of Scientific Research], French International Relations Institute.

FOOTNOTES

- 1. The provisions inserted in Section 2 of the chapter entitled "Questions relative to security in Europe" of the Final Act of Helsinki (1 August 1975) are aimed at prior reporting of major military maneuvers and other military maneuvers, the exchange of observers, reporting of major military movements and "other measures designed to strengthen confidence." All of these measures together should dispel any misunderstandings arising from the erroneous estimation of military activities by participating countries and promote mutual understanding.
- 2. "Views and experiences of the Federal Republic of Germany with regard to confidence building measures. Report to the Secretary General of the United Nations" (May 1979), quoted in the report by Hans Guenter Brauch to the 11th World Congress of the IPSA (Moscow, 12-18 August 1979): "Confidence-building measures and disarmament strategy."
- 3. "Implementation of the Helsinki accord." The Eighth Report was published on 23 June 1980 and covers the period of 1 December 1979 until 31 May 1980. The report underscores the violations of principles which the Soviet Union has become guilty of by intervening in Afghanistan and by placing the academician Sakharov under house arrest.
- 4. The concern with standardizing the MDC system by drafting minimum obligations is reflected in the article by Johan Jorgen Holst and Karen Alette Melander: "European Security and Confidence Building Measures," SURVIVAL, July-August 1977. Some of their suggestions were taken up again by the Western countries during the Belgrade conference.

- 5. John D. Toogood: "Military Aspects of the Belgrade Review Meeting," SURVIVAL, July-August 1978.
- 6. On this subject, see the viewpoint of a Swiss observer, Colonel W. Mark, GSC, "The Military Results of CSCE and Initial Experiences," ALLGEMEINE SCHWEIZERISCHE MILITAERZEITSCHRIFT, No 5, 1976, and "CSCE-The First Follow-Up Meeting in Belgrade, 1978," ibid., No 3, 1979.
- In particular they sent observers to the Swiss maneuvers (October 1975), the Yugoslav maneuvers (October 1976), and the Swedish maneuvers (March 1977).
- 8. For an overall view of the work of the Belgrade conference and commentaries on its developments and results, we refer the reader to the collection of documents and articles published in EUROPA ARCHIV: "The Belgrade Follow-Up Meeting of the CSCE," Bonn, 1978. See also Gerhard Witting: "Security Policy and CSCE--The Belgrade Meeting," AUSSEN-POLITIK, No 3, 1978 and Victor Yves Ghebali: "The Belgrade Meeting on the CSCE Follow-Up--Evaluation and Prospects," DEFENSE NATIONALE, June 1978.
- Article 9, Communique of the Atlantic Council of The Hague, 31 May 1979, "Current International Documents" (DAI) LA DOCUMENTATION FRAN-CAISE, Nos 33-34, 19-26 August 1979, p 651.
- 10. DAI, No 5, 4 February 1979, pp 86-103.
- 11. See "Program for the Development of Cooperation Between France and the Soviet Union in the Interest of Detente and Peace," adopted in Moscow on 28 April 1971, DAI, No 25, 24 June 1979, pp 485-490.
- 12. Budapest Communique, 15 May 1979, DAI, No 27, 8 July 1979, pp 522-526.
- 13. Speech by Mr Brezhnev in East Berlin on 6 October 1979, DAI, No 45, 11 November 1979, pp 878-882.
- 14. DAI, No 2, 14 January 1980, pp 33-37.
- Final communique published at the end of the ministerial meeting of the North Atlantic Council, Brussels, 14 December 1979, DAI, No 4, 28 January 1980, pp 62-68.
- 16. Speech by M-P Bernard-Reymond, French secretary of state for foreign affairs, to the assembly of the WEU, 4 December 1979, DAI, No 1, 7 January 1980, pp 2-6.
- Address by Secretary of State Cyrus Vance to the Berlin Press Association on 10 December 1979, International Communication Agency, United States Embassy in France.

- 18. Foreign Policy Correspondence (GDR), Volume 20, Nos 16-17, 12 June 1980.
- 19. See the minutes of the ministerial meeting of the Atlantic Council at Ankara in NEUE ZUERCHER ZEITUNG, 27 and 28 June 1980. The American reservations were expressed within the framework of a study group on the preparation of the Madrid conference of the North Atlantic Assembly in June 1980 (North Atlantic Assembly. Summary account of the meeting of the working group on preparation for the Madrid reveiw Conference. Washington, DC, 2-3 June 1980).
- 20. Speech by Mr Jean Francois-Poncet to the National Assembly, 17 April 1980, DAI, No 21, 26 May 1980, pp 419-422.
- 21. DAI, No 22, 2 June 1980, p 455.
- 22. Speech by Mr Jean Francois-Poncet to the National Assembly on 7 November 1979, DAI, No 49, 9 December 1979, p 960.

5058

CSO: 3100

ENERGY ECONOMICS

INTERNATIONAL AFFAIRS

FIRST NATURAL GAS FROM DENMARK REACHES MALMO

Stockholm DAGENS NYHETER in Swedish 16 Oct 80 p 41

[Article by Bo Engzell]

[Text] On Wednesday, natural gas began to be imported to Sweden for the first time. It is Malmo gasverk that is first on the scene. Natural gas will not come to Sweden from Denmark's oil fields in the North Sea until exactly 5 years from now, but preparations take a long time. Pipe line construction, etc., will cost a billion kronor.

The construction will provide jobs for 500 - 600 workers. It is possible that both the west coast and Malardalen will receive natural gas by way of the first main pipe line from Denmark to Malmo. It is hoped that 20 percent of Sweden's total energy needs will be covered by natural gas when the system is complete and new contracts are signed, it was revealed in Malmo.

Western Scania will be first, and Malmo first of all, to use the natural gas already contracted for with Denmark. Malmo gasverk believes that processing industries will buy natural gas, which will also be used for home heating. There will hardly be any difficulty in selling the gas. It will be cheaper than oil.

In addition, natural gas is also favorable to the environment and for this reason its use is especially significant in highly industrialized Scania, where the environment is also heavily influenced by pollution drifting in from the continent.

Malmo, Lund, Helsingborg, and Trelleborg, as well as possibly Landskrona will be the first towns to receive natural gas. In a second stage, Scanian towns such as Kristianstad and Hassleholm are also possibilities.

The first main pipe line in Sweden will be laid from Malmo north to Hasslarp, just above Helsingborg.

Sweden has contracted with Denmark for 440 million cubic meters of natural gas per year. But the pipe line, which is being buried at the bottom of the Sound, has a capacity of several times that amount.

Malmo still has a decomposition gas works, where gas is made from light gasoline. However, the prices increased tenfold during the seventies.

Sevenfold Increase

"The existing gas network in Malmo will be used for the natural gas, but usage will increase sevenfold, so that there will still be large additions," Bengt Ahlstrom, head of the gas works says. "Despite years of running at a loss, Malmo has kept its gas works and pipe line network with a view toward natural gas, which we have believed in."

The decomposition gas works in Malmo will not be scrapped. It will be kept in reserve in case something should happen.

Emergency reserves of natural gas will also be made, just as for oil.

"We do not yet know if there will be surface or underground storage. The question is being studied," director Bengt Wallenberg of the energy department in Malmo stresses.

In Malmo, natural gas will replace 120,000 cubic meters of oil per year. Sulfur dioxide discharge will be reduced by 2,000 tons. Natural gas is the cleanest fuel there is. Malmo will take one fourth of the natural gas during the first stage of imports from Denmark.

Installation of a home furnace for natural gas costs around 8,500 kronor and connection costs an additional 5,000 kronor, but natural gas cannot compete in price with coal-burning district heating plants. It is, however, cheaper than oil.

In West Germany today, 40 percent of the households use natural gas.

"About 20 percent of the power consumption in many countries comes from natural gas and that figure is also conceivable in Sweden in the future," Sven-Ake Jonsson, board member at Sydgas, says. Sydgas will initially aim for 15 percent.

The energy department in Malmo will try to interest the Malmo taxi service, with its 200 cars, to go over to gas-powered automobiles.

A first pilot project with natural gas is now being carried out in Akarp near Malmo. Thirty two homes being built there will be equipped with gas heating. The pipes are being laid. Later, when the natural gas arrives, it can be put immediately into the pipes.

9336

CSO: 3109

ENERGY ECONOMICS

GOVERNMENT PLAN TO ASSUME OIL INDUSTRY FUNCTIONS HIT

Copenhagen BERLINGSKE TIDENDE in Danish 23 Oct 80 p 12

[Editorial]

[Text] In the Folketing, the Socialist parties will demand that the state take over the exploration and extraction of oil and gas. They will demand that the state carry through an expropriation. They will not be deterred by the fact that A. P. Meller and its partners have invested 6.6 billion kroner and have definitive plans to invest another 6.5 billion kroner. They will make this demand while the loud applause given to the prime minister when, at the Social Democratic congress, he mentioned the possibility of a take-over by the state, adding that it could not afford that, is still fresh in our memory. They are cynically and ruthlessly disregarding the fact that A. P. Meller undertook this enormous task after an agreement with the state. They are merely taunting the enormous contribution made by A. P. Meller.

Is this Socialist demand also the government's demand? Seven months ago, the minister of energy presented A. P. Meller with a proposal which was to form the basis for negotiations but which later on turned out to be a dictate. A. P. Meller would have to agree to the demands of the government, or the government would, in the Polketing, find the majority that would be willing to force the demands through. Already on 24 September, the government paper AKTURIS stated that intervention by way of legislation would soon take place.

What is it that the government wants? So far, only its threats and the blather on national and social considerations accompanying them are known. Minister of Energy Poul Mielson has hitherto refused to give any orientation whatsoever to the society whose interests he claims to be safeguarding. However, the public knows A. P. Meller's proposals. They show a considerable degree of accommodation to the government. They contain concrete effers and promises. In view of the fact that Poul Mielson--and, presumably, also the prime minister--have rejected them so categorically, the proposals made by A. P. Meller presumably are far from what the government demands. Is the goal to go so far that one is as close to an exprepriation as one can come without paying compensation?

It is about time for Poul Mielson to explain the intentions of the government. The public is entitled to know what the government intends to do. Does it want for the state itself to start the exploration and extraction? Does it intend to invest billions of krener in the project itself or does it intend to negotiate with the otherwise so despised foreign oil companies for grants? How can it imagine that it will be able to manage a faster pace of exploration and extraction? It is necessary for the minister of energy to state what it is he feels that he can do better than A. P. Meller, and how, in his epinion, he can do it faster.

When, sooner or later, Poul Bielson will be forced to present the state of affairs for public consideration, it will probably turn out that his only argumentation is the desire to demonstrate his socialist objectives.

7262 CBO: 3106 FNERGY ECONOMICS

PRIVATE OIL COMPANY TO INCREASE EMERGENCY RESERVES

Stockholm DAGENS NYHETER in Swedish 16 Oct 80 p 40

[Text] While it is being proposed that the state's crude oil stockpiles at Brofjorden remain empty, the oil companies must build up their own crude oil reserves. In the report presented by DAGENS NYGETER 2 weeks ago, which the minister of trade has now received, it is proposed that the requirements for the storage of crude oil be reduced so dramatically that not even the underground storage cavities now being constructed would be filled.

Instead of the present goal of 9.5 million cubic meters, the committee proposes that 5.1 million cubic meters of crude oil would be a sufficient peacetime reserve. According to an agreement within the oil organization IEA (International Energy Agency), reserves should be sufficient for 90 days of normal consumption.

Decreased consumption means that reserve requirements can be reduced greatly, but the study also changed the method of computation and in this way it has been possible to cut the requirement almost in half.

Under strong protests from the National Board of Economic Defense, the study, under the chairmanship of Erik Huss, proposes that the state refrain from filling 1.5 million cubic meters of oil storage already complete or almost complete.

In practice, the state can leave empty the entire underground cavity near Scanraff, which will soon be complete.

At the same time, Scanraff plans to build its own underground cavity, almost as large, for the refinery's operation.

"We cannot use the state's underground storage cavity even if it is standing empty." says director Sture Hernow at Texaco. It was not built for the continuous operation we need. Thus, the possibility of renting the storage space to oil companies is greatly limited for purely technical reasons.

Thus, if the oil reserve committee's proposal is approved there is great risk that the almost complete underground storage cavity at Brofjorden will remain empty while Scanraff constructs a new one of its own only a short distance from there.

The proposal has already run into stiff criticism. It seems that the National Board of Economic Defense does not like the proposal and a high-ranking government

official mays the proposal seems more directed toward solving the state's acute budget problems than providing long-range security for oil supplies.

"To be sure, crude oil is expensive," says Sture Hernow at Texaco, "but it is not a question of losing money. Oil reserves would certainly be a good investment."

At today's prices, it would cost around 1.3 billion to fill the oil storage cavity. On Wednesday, Minister of Trade Staffan Burenstam Linder did not wish to comment on the proposal, which will now be placed under consideration.

9336

CSO: 3109

ENERGY ECONOMICS

BRIEFS

OIL TAX FUND-"The oil tax fund is one of the questions that the government had no problem agreeing on," Goran Johansson, undersecretary to Prime Minister Falldin, points out. DAGENS NYHETER reported yesterday that the government's proposal, which will be presented to parliament on 3 November, was produced with great anguish. "This is incorrect," Goran Johansson says. "I have personally taken care of part of the negotiations and this question went smoothly. The only snag had to do with the size of the oil tax, not the purpose of the fund. Money from the fund will go primarily to peat installations and waste heat installations, with the intention of saving oil in heating. The Center Party opposition to the fund, which DAGENS NYHETER incorrectly attributed to the government, is reported, however, to exist in the parliamentary group. There it is thought that the fund could induce increased electricity consumption. [Stockholm DAGENS HYHETER in Swedish 18 Oct 80 p 6] 9336

CSO: 3109

RC COUNTRIES RAISE INDIVIDUAL TRADE BARRIERS AGAINST JAPAN

Hamburg DER SPIEGEL in German 27 Oct 80 pp 171-176

[Article: "EC/Japan: Fear of Miracle Men"]

[Text] The Brussels EC Commission would like to forge a united European front against Japanese exporters. Because contrary to the regulations of the Economic Community, individual EC countries have to date instituted a confusing array of different national trade barriers against the flood of imports from Japan.

In Brussels, at the European Community, a visit from Japan was expected. Nachiro Amaya, vice minister of international trade, had announced his visit to discuss with Eurocrats Japanese imports to the EC.

Precisely at the same time, as if it were accidental, the German Metal-workers Union wrote a letter to Bonn's Minister of Economics Otto Graf Lambsdorff; it came in handy, as if it had been ordered for the negotiators in Brussels for the Japan talk, because the labor unionists were unequivocal in their demand that Bonn finally put restrictions on the import of Japanese automobiles.

The EC commissioners Wilhelm Haferkamp and Etienne Davignon used the Metal-workers letter as evidence during their talk with the Japanese to let him know that the patience of Europeans with the Far East trade partner had been exhausted. The highest EC officials explained to the guest from the Far East that the Japanese should agree to negotiate a more balanced exchange of goods -- in other words, they should agree to "voluntarily" institute export restrictions. Otherwise the Europeans would have to revert to self-help and close the borders themselves.

Gaston Thorn, Luxembourg's foreign minister and the designated president of the EC Commission, was even more candid. In Tokyo, the Luxembourger bluntly asked the Japanese to freeze their exports to the EC at the current level for a period of 2 to 3 years.

The Europeans are afraid that they will be wiped out by the ever accelerating Japanese export machine: During the period from the beginning of January to the end of August, particularly thanks to their automobile offensive, Japan's foreign traders unloaded in EC Europe \$5.3 billion in merchandise more than they bought from there. For the entire year of 1980, the EC will probably have to accept a record deficit in its trade with the Asians, amounting to about \$10 billion (1979: \$5.1 billion).

In 1979, in an internal Commission communique, the Brussels EC officials completed that Japanese exporters "are undertaking attacks like soldiers coming out of a fortress, and they are creating chaos in the industry of the community."

Brussels officials would like to forge a united front of defense against Japan's export miracle men. But it is not that simple at all: Contrary to the rules of the community, individual EC countries always preferred to regulate their trade relations with the Asiatic export giant independently — some of them were generous, most of them however, were protectionist.

Since 1955, the Italians -- European master in the defense against the Japanese -- for instance, have permitted only 2,200 Japanese automobiles annually into the Fiat country. The Roman bureaucrats are dictating to the Japanese how much they may ship to the Mediterranean country in as many as 31 product groups.

Italy's cable, ball-bearing, film and fish-canning manufacturers, for instance, are protected against too agressive Japanese competitors. In an industrial protected park, sealed off against Japanese imports, Italian umbrella, battery and tire producers can work as well.

In 1977, Rome even instituted a temporary ban on all imports of heavy Japanese motorcycles (Japanese light motorcycles were permitted to enter the country only in very small quantities anyway), because the Japanese were alleged to have boycotted the import of Italian ski boots.

Almost as vigorously as the Italians, the French have closed their borders to Japanese imports as well. Paris, for instance, permits only a limited number of Japanese carpets, dyes, microscopes, watches or television sets to enter the country.

The Germans, however, are different: Annual limits on Japanese imports established by Bonn remain only in the areas of dishes and household goods, such as china, stoneware, and for insulators.

The fact that the proud officials in the FRG Ministry of Economics are so responsive to the china manufacturer and SPD Bundestag member Philip Rosenthal by protecting him — in spite of their commitment to free trade — is evident from the sensitive division into dishes and household goods "with typically Japanese decor" and Japanese goods "with so-called European decor": This year, the amount of china and ceramics in the Japanese style permitted into the country is valued at DM 12 million. The import of Japanese plates and cups decorated in the European manner is restricted to DM 8 million.

Not all European trade restrictions were put into writing in such detail. Many import restrictions between Europeans and Japanese are only based on verbal agreements: To forestall defensive actions by European governments, the Japanese indicated their willingness to apparently undergo "voluntary self-restrictions."

According to an agreement with England, for instance, Japanese automobile exporters have for years been limiting their share of the market to no more than 10 or 11 percent. In France, the government even proceeds from the assumption that the Japanese are satisfied with a 3-percent share of the market.

The maze of national trade restrictions against the Japanese, which are still maintained by individual EC countries, is not only an annoyance for the exporters in the Far East but also for the EC Commission. Because the individual EC members should actually no longer maintain separate trade policies: According to the EC agreement, it has been a joint matter for a long time.

In the opinion of the Brussels foreign trade experts, protectionist traders in Paris, Rome and London are distorting competitive conditions in the Community because of their differences in national restrictions and they are undermining the free EC domestic market.

The EC country Italy, for instance, which in contrast to all the other EC partners is placing a quota on Japanese sewing machine imports, is not satisfied with keeping out direct imports. To protect its domestic producers effectively, it also keeps out those Japanese machines that would find their way to Italy by way of those EC countries which engage in a free sewing machine trade.

Formally it is even in order: Protectionists can base their actions on Article 115 of the EC agreement. Accordingly, Eurocrats can grant permission to an EC member to decree import bans against other EC partners if they are merely intended to provide flank protection against troublesome transit imports from third countries.

According to the EC founders, the validity of Article 115 was intended only for a transitional period. But the protectionist ordinance is still in effect today and is still very popular with some EC members.

The Eurocrats permitted the Benelux countries, for instance, to ban the import of Japanese tiles from other EC countries. In addition to tile, the French were granted protection against those Japanese television sets, radios, electronic instruments and wooden toys which were channeled to France by way of other EC countries. In addition to protectionist measures against sewing machines, the Italians were also permitted to place restrictions on indirectly imported touring buses "Made in Japan."

According to the plan by Brussels officials, Europeans are to tear down all those import barriers toward Japan which were introduced by individual states. As a countermeasure to the removal of this "abscess" (EC Commission), they expect that the Japanese on their part will reduce some of the particularly disturbing trade barriers.

EC commissioners suggest that the first step of liberalization on the European side should be the elimination of those 15 restrictions which have already become insignificant as far as the Japan-EC trade is concerned.

Superfluous, for instance, are French import restrictions on Japanese meat, honey and liquor, Italian quotas on umbrellas or silk, Benelux barriers against Japanese shoes, Irish import restrictions on bags and Western import bans against insulators. Because in 1979 the total of EC imports of these Japanese goods amounted to no more than a few million dollars.

Brussels officials feel that one of the most urgent matters is that the Japanese use restraint when it comes to those products that are actually severely hurting European industries: automobiles (1979 EC imports from Japan: \$3,434 billion) and television sets as well as radios (\$1,254 billion).

As "flank protection for necessary adjustments" by domestic producers (EC General Director Sir Roy Denman), Brussels officials would like to persuade the Japanese to step the expansion of exports of automobiles, television sets and hi-fi's for a period of 2 to 4 years.

Only for 2 or 4 years? The idea that Italy's, France's and England's automobile and television set producers will be ready after this closed season to enter into free competition with the Japanese is hardly expected to become reality.

Rather, the targeted protectionist measure for the domestic industry would fare similarly as all the other restrictions on competition which Brussels has thought of to date: It would become a firm European institution.

Furthermore, Japan's automobile exporters would hardly agree to a stop in expansion lasting for several years and affecting the entire EC. Nevertheless, they are giving an indication that they will be willing to institute a "voluntary" self-restriction on their shipments to the FRG.

"The Japanese want to protect the German market," the marketing manager of a Japanese automobile firm delcared, "because they do not want to saw off the branch on which they would like to sit for a long time."

A Honda manager said that in 1981 there would be a downshift in gear. Instead of selling to the FRG 60,000 cars, as originally planned, Honda will be satisfied with the sale of 52,000 automobiles during the next year.

But that is only little comfort for German automobile producers: Compared to 44,000 units, originally planned for this year, it represents still an increase of 18.2 percent.

8991 CSO: 3103

EEC DECLARES STATE OF EMERGENCY IN IRON, STEEL INDUSTRY

Background of Decision

Paris LE MONDE in French 19 Sep 80 pp 1, 34

[Article by Francois Renard: "Iron and Steel Industry Crisis Is Worsening in Common Market Countries"]

[Excerpts] Shadows are extending over the European iron and steel industry in this early autumn of 1980. Already acute at the end of the second quarter, the crisis seems to be worsening again with the difficulties of the automobile industry, which absorbs 15 to 18 percent of steel production, while the United States is preparing contingency measures for imports from Europe.

The situation is particularly tense in Belgium, where the governmental project for dividing the Cockerill group, which produces 30 percent of Belgian steel, into several units is stirring up a tempest in Wallonia and among the opposition to the point of menacing the fragile coalition presently in power.

505

Within 6 years, the European iron and steel industry has undergone 3 great crises, 1974-1975, 1976-1977 and 1980-?, which in reality make up only one, that of an industry traditionally supplying equipment and working for export, thus a logical candidate for the great decline which started after the Yom Kippur war. The present one is perhaps more serious than the preceding ones because the iron and steel companies which still had financial reserves accumulated during the favorable periods before 1975 have used them up and from now on will have their backs to the wall, or rather to the abyss.

Those which did not have reserves and were already heavily in debt, like the French firms or the very nationalistic British Steel Corporation, have already had to be saved from bankruptcy by the government after having incurred hair-raising deficits in which billions of francs joined with billions of pounds sterling. The case of Italy is to be viewed apart, since, alongside a nationalized producer, Italsider, which never lays off staff, and whose capital is periodically replenished by the

state, some small independent producers—the famous Bresciani—have prospered to the point of supplying 30 percent of the peninsula's steel. As to Belgian firms, major gainers from the postwar period thanks to a bold commercial policy, they also have ended up in an extremely critical situation. Two years ago, to avoid a catastrophe, a plan for restructuring was put forth, with the state taking almost a majority share in some groups, essentially Cockerill, and the elimination of 4,000 to 6,000 jobs out of 46,000. It seems that the effort and sacrifices agreed to are still insufficient, inasmuch as the Belgian Government stated in July, through one of its ministers, M Claes, that it "would not be able to fulfill its obligations under the 1979 restructuring plan." According to community estimates, the decline in production for the second half of 1980 will be about 17 percent for Belgium. As a consequence, the same M Claes, faced with growing losses in the Belgian iron and steel industry (more than 4 billion france this year), has proposed the literal dismantling of the Cockerill group, already the most affected by the reduction in jobs: in Wallonia, this will touch off a mass uprising.

In Luxembourg, the same toll of the bell: The powerful ARBED group, which is experiencing serious difficulties, is for the first time requesting financial assistance from the government, which is rather shaken by this. As to the Federal Republic of Germany, one sees there a rather critical situation in the Saar, linked with that of ARBED, while the big ones (Thyssen, Hoesch, Krupp), although their activities are diversified, assentially into mechanical equipment, are truly beginning to be alarmed.

In France, as is known, the fall 1978 rescue plan has thrown on the taxpayer the largest part of the indebtedness of the two giants, Usinor and Sacilor, while a social contract scheduled the layoff of more than 20,000 persons over a period of 2 years, which should allow these firms to recover their health. Alas, the new crisis not only delays this improvement but induces them to accelerate the layoffs, and it will perhaps have as a consequence, if it continues, increasing the elimination of jobs provided for by the said social contract.

Faced with this slump, the community authorities have, since the end of last July, asked for a voluntary reduction of production (11 percent), affecting now not only certain products (60 percent of the total), but the deliveries of raw steel, to avoid a collapse of prices and a cascade of bankruptcies.

New Measures' Meaning

Paris LE MONDE in French 8 Oct 80 p 39

[Article by Philippe Lemaitre: "'We Declare a State of Open Crisis to Avoid Losing More Jobs,' says M Davignon"]

[Excerpts] Luxembourg (European Communities) -- The Council of Ministers of the Nine meeting this Tuesday, 7 October, in Luxembourg pronounced itself on the commission's project of declaring "a state of open crisis," in conformance with the possibility offered by Article 58 of the ECSC [European Coal and Steel Community] treaty, with—as a consequence—the subjecting of the iron and steel firms of the EBC to a regime of production quotas. The commission intends to apply the new-style

anticrisis plan up to 30 June 1981. According to M Davignon, the commissioner charged with industrial policy, this 9-month delay should be sufficient to restore equilibrium to the market.

The commission has no choice, M Davignon explained in substance during a press conference held Monday in Brussels. Without community initiative, the situation characterized by a supply higher than demand and, as a consequence, by a brutal price drop would continue to deteriorate until the existence of certain firms is threatened and jobs eliminated irremediably in the entire sector beyond its restructuring requirements. This action is all the more necessary since the producers—they admit it—are no longer capable of disciplining themselves, or, in other words, of reducing their sales in an orderly fashion to adapt to the drop in orders: "There is no disagreement on the assessment of the situation or on the necessity of taking measures to regulate the market, but, nevertheless, the producers are no longer ready to place confidence in each other," notes M Davignon.

Briefly, the anticrisis plan based on delivery quotas applied in a voluntary way by the producers has had its day. The public powers, in this case the commission, must fill the gap because, M Davignon observes, "It is not possible to simultaneously make an assessment and not to act." The commissioner points out nevertheless that the new plan, although it has a different legal basis (reductions in production will be obligatory and no longer agreed to on a voluntary basis), is founded in the same economic logic as the preceding.

Production Quotas by Firm

Production quotas will be fixed by firms for 4 categories of rolled products:
1. coils and rolled strips on specialized trains; 2. quarto-size sheets and big flats; 3. heavy shapes (railway equipment, sheet piling, wide-flanged beams, other beams and other shapes); 4. light shapes (wire, reinforcing rod and other merchant steel). Moreover, e quota will be established for total production of raw steel. To avoid disputes as much as possible, the commission proposed to use for calculation of the quotas a reference period both long and recent: the 36 months from July 1977 to June 1980. Within this period, one will use, for each enterprise, as a reference base the 12 months (possibly not consecutive) in which it has logged the highest production. The rate of reduction of the production set so as to restore the equilibrium between supply and demand will only be announced once the studies in progress on the exact state of the market are completed. However, the commission is already able to give ranges: for the first category, 16 to 20 percent; for the second, 13 to 17 percent; for the third and fourth, 14 to 18 percent.

"We are capable of controlling the system sufficiently so that those who respect it are not penalized. We are very sensitive to not undertaking a task which we will not be able to complete satisfactorily," M Davignon stated.

The commission asks the council to unblock finally the necessary credits to mitigate some of the social consequences of the iron and steel industry's restructuring. M Davignon stresses that this does not mean the new plan will be characterized by job reductions. "We declare the state of open crisis precisely to avoid losing

more jobs. The present difficulties, amplified by lack of discipline among the producers, do not signify that the restructuring programs must be modified." But, then, why insist on obtaining budgetary credits now? "The commission does not want to take on itself all of the political weight of a difficult operation without at least relieving the consequences which the iron and steel industry crisis has for workers," replied M Davignon.

5586

CSO: 3100

COUNTRY SECTION AUSTRIA

STEEL INDUSTRY FACES DOMESTIC, FOREIGN MARKET PROBLEMS

Zurich NEUE ZUERCHER ZEITUNG in German 19/20 Oct 80 p 10

[Article by gr: "Problems Also in Austria's Steel Industry: Dashed Hopes at Vocest-Alpine and VEW"]

[Text] Vienna, 17 Oct — The hopes of the state steel firm Voeest-Alpine to get back into the black this year, and the intention of the Vereinigte Edelstahlwerke (VEW [United High-Grade Steel Works]) to put the brakes on the downswing which has been going on for years and at least to check the losses to some extent, have been thwarted. As they already feared in mid-year when they saw the balance sheets for 1979, the enterprise slipped in the summer fully into the undertow of the international steel markets' business and price collapse.

Drastic Drop in Orders and Price Disintegration

In the bulk-steel sphere of the Vocest-Alpine combine, the turnabout occurred as early as spring. Turnover development, revenues, and incoming orders gave rise to high hopes until May; but it was still in May, according to most recent statements by board chairman Apfalter, that receipt of new orders came to a sudden stop. Steel prices which, says Apfalter, had anyhow never surpassed the 1974 level, began to crumble away.

Good Pipeline Business

In August the enterprise administration therefore began to cut back production by 10 to 15 percent on the basis of orders at hand. Affected are the foundry-and processing plants, as well as also parts of the steelworks construction and end production. In contrast to sheet metal production, which is adversely affected by the sales problems of the European automobile industry, heavy plate metal production is meanwhile proceeding at full speed. But, according to information released by the enterprise, this does not reflect an upward swing in the equipment, but rather in the pipeline market, and indicates moreover that, making use of Austria's position, the firm's sales division was able to "open up" markets which for some time have represented political turbulence-zones for other Western suppliers.

True, in the enterprise administration's opinion, increased underemployment cannot be excluded; but difficulties that would necessitate layoffs are not anticipated. They hope to cope with the situation by means of a "package of measures" which encompasses stoppage of new hirings, reduction of overtime, shortening the work week from 42 to 40 hours (wherever operationally possible), examination and perhaps reduction of planned investments, and 2 weeks of general enterprise vacation, starting at Christmas.

Hopes for Brussels

According to views of Vocest's director general, the crisis management of the EC steel industry should, no later than at the start of 1981, gradually lead again to the consolidation of the European market and — with a longer view — also again of steel prices. In Linz, it is assumed that besides the dominant component o. overcapacities in the face of demand for steel that has been stagnating somewhat since 1974, the present steel crisis may also be attributed to the business cycle component of the inventory cycle, and that the buyers will start again to place new orders at the first signs of price consolidation. By the way, as planned already some time ago under the Davignon plan, the Austrian steel industry will also voluntarily go along with the production reductions planned for the Common Market steel industry by reducing its deliveries to the community. According to Apfalter, the readiness to cooperate had already been indicated at Brussels.

This does not however, alter in any way the position of Vocest-Alpine's administration that the real "fall" of the European steel industry took place after the economic recession of the mid-1970's, when most European governments started to grant subsidies to their steel industries, to spare them the dismantling of excess capacities and the revamping of their production programs, as well as modernization and rationalization. In Linz they consider themselves lucky to have meanwhile shut down capacity for I million tons of raw steel a year and thereby to have escaped the pressure to produce and sell at ad hoc marginal costs.

Short Time and Dismissals

The VEW, which since 1975 has tried to withstand recession without drastic measures and with a full employment policy "under full costs," is not as far yet by a long shot as the bulk-steel group. According to press releases by board chairman Bayer, VEW was in an 'excellent' position through July. As compared with last year, enterprise losses were reduced by two-thirds, and positive cash flows were again be recorded. Then, in August, came the business slump. The first drastic measures could then no longer be prevented: As of 20 October, 2,500 of the approximately 19,000 employees in the group's Austrian works, all in the steel plants and rolling mills, were for 3 months placed on short work weeks of 32 (instead of 40) hours per week, 160 persons were discharged, and another 160 were prematurely retired. But nobody knows whether this will be enough. In any case, this time no so-called productive unemployment provisions such as "retraining" are available either for VEW or Voeest-Alpine. The reserves of the federation's labor market administration from the contributions to unemployment insurance are also exhausted, so that as of next year, contributions will have to be increased.

9011

CSO: 3103

COUNTRY SECTION BELGIUM

COALITION GOVERNMENT FACES GRAVE POLITICAL CRISIS

Martens Tries to Save Government

Brussels LE SOIR in French 7 Oct 80 pp 1, 2

[Article by M.B. and J.v.S.]

[Text] Tasked by the king with making a "last-ditch effort" to iron out the very serious difficulties which have arisen within his majority and to try to save the three-party government with its six components, the prime minister, Mr Wilfried Martens, received the six Christian, Socialist and Liberal party chairmen in turn on Sunday afternoon. Each person he spoke to having agreed to participate in this last-ditch effort, Mr Martens went back to the king on Monday morning.

Here is the text of the statement then made by Mr Wilfried Martens, prime minister.

"As you know the king put off making a response after I presented him with the government's resignation, and he asked me to carry out a last-ditch attempt to resolve the difficulties.

Yesterday I received the chairman of the majority parties in turn to check if they were prepared to work together to that end. This morning I reported to the king.

I invited the party chairmen and the ministers making up the minicabinet for general policy to the prime minister's residence in the Rue Lambermont this afternoon at four. I will submit new proposals to them.

At a time when the country is confronted with serious economic difficulties, political crisis is extremely inopportune. More than ever we need a government which carries out courageous and effective policy. That being the case I hope that all parties involved will work together coolly and calmly without useless polemics to resolve the crisis.

Therefore I am making an appeal urging all the members of the majority to refrain from now on from making any kind of statement which would delay a resolution of the political crisis."

The six party chairmen are Messrs Leo Tindemans, Andre Cools, Karel Van Miert, Paul Vanden Boeynants, Willy De Clercq, and Jean Gol. The six members of the ministerial committee for general policy are Messrs Guy Spitaels, Hernan Vanderpoorten, Jos Chabert, Willy Claes, Jose Desmarets, and Charles Poswick.

Up to now the government continues to govern - all the while being confronted with serious internal rifts. This is certainly an abnormal situation and one therefore which cannot last long.

The king and the prime minister are holding more and more consultations. Since Saturday, after Mr Martens presented him with the government's resignation, the king received at the Laeken palace in turn Messrs Tindemans, chairman of the CVP, Van Miert, chairman of the SP, De Glercq, chairman of the PVV, and Gools, chairman of the PS. Sunday morning he received Messrs Vanden Boeynants, chairman of the PSC, and Gol, chairman of the PRL. Therefore the king, in the present state of affairs, has not extended his consultations beyond the chairmen of the current majority.

Cuts and Revenues

The prime minister for his part received the six party chairmen of his failing majority one after the other on Sunday afternoon. As the king had directed him he was to ask them whether they were prepared to try one last time to find a solution for the current difficulties.

What are these difficulties? It revolves around a difference of views, as between the Social Christians and the Socialists on the one hand and the Liberals on the other, on how to reduce the budgetary deficit. The government aimed to achieve savings in the sum of 15 billion and foresaw 13.4 billion in new revenues particularly via raising social assessments.

The Liberals ultimately judged that the 15 billion in savings was insufficient and some of the cutting measures seemed illusory to them. Therefore they called for a supplementary effort, particularly in the area of unemployment cuts.

Their partners in the government felt that in this time of serious economic crisis it was not advisable to touch already established gains in social welfare. They wanted a tougher struggle against tax evasion.

Of course this view of things is a little oversimplified and in the real world of negotiation positions are more complicated. So the Liberals most of all want to evoid heavier assessment burdens for businesses and Socialists and Social Christians are not opposed to putting a step to certain abuses in the area of welfare allocations.

Everyone wants an equitable distribution of burdens to be borne by all citizens. But the disagreement turns on what kind of equitable effort is asked of different layers of society.

Was Ar. Agreement At Hand?

There is room for some politicians to assert that on Saturday agreement was quite close. Mr Martens has said, for example, that there were "minimal differences of opinion" about certain points of the proposals he had made.

For Mr Tindemans, chairman of the CVP, they were "a hair's breadth away from finding a solution." This however was not the opinion of Mr Van Hiert, chairman of the Flemish Socialists, who stated to his party's conference Sunday morning: "I do not believe that we were within a hair of a solution."

One is faced with a difference in interpretation. The same holds when it is a question of whether or not past agreements within the government have been honored. Mr Cools, chairman of the PS, asserts that the Liberals reopened the question of provisions which the Liberal ministers had agreed to in August. This reproach is challenged by Mr Willy De Clercq, chairman of the PVV, who even claims to have presented counterproposals at that time.

The Optimists, and the Others

What is going to happen now? It would take a pretty clever person to figure it out. For people who are more optimistic, the crisis will only last several days and the six-sided government will come out of it its old self in a few days. The more pessimistic mainly emphasize the differing statements of the PS and PRL chairmen. For Mr Cools there can be no question of casting any doubt on the "main lines settled on last May" at the time the Martens III government was created. On the other hand, Mr Gol, chairman of the PRL, wants to negotiate "in depth reforms." Obviously it all comes back to what are "the main lines" for the one and to what "depth" the other wants to go.

Up to now the parties involved agree on only one thing: in the present situation, elections would be particularly untimely for the country. This is the opinion which all the chairmen express.

Hypotheses

Starting from that point, one is faced with two hypotheses.

One would lead back to the present tripartite government. Let us further observe that when economic and financial measures are discussed, the split within

the government is made on traditional ideological lines no longer following community lines. This is so to such an extent that the sexpartite government, as a malicious colleague has called it, has simply become a tripartite one again. For a while anyway.

In the other, the differences of views remain insurmountable, the king accepts the resignation of the government and things can be directed towards a two-party government. But this last formula could entail unfortunate consequences. In fact, whatever the make-up of a two-party government, it would no longer benefit from a specific majority immediately available for settling the status of Brussels. Furthermore, if we're talking about a two-party government joining Social Christians and Liberals, one might be afraid of a trade union reaction, at least from the socialists. And some people raise the specter of the 1960-1961 strikes.

Under the two forms of two-party government it would be necessary to find a majority of the opposition in support in order to vote in possible provisions concerning the Brussels area. The risky nature of such political planning does not frighten some people who maintain that agreement on Brussels could not necessarily be arrived at more easily and more quickly within a tripartite government.

Moreover, part of the Liberal wing is suspected of being tempted to return to the opposition. If this tendency were to prevail on the Liberal side, the Liberals would be in effect forcing the Social Christians and Socialists to resort to a two-party government.

Let us bear in mind that we are not at that point. The king has not yet accepted the government's resignation. In any event, it appears that tripartite government meets the Court's expectations and Mr Martens, the prime minister, has stated his preference for it in the current situation.

Saturday - the Hectic Day

A state of crisis was openly declared on Saturday. In the morning at a cabinet meeting the ministers representing the different political groupings remained fixed in their stands. The clear-cut opposition which had appeared the day before between Liberals on the one hand and Social Christians and Socialists on the other was confirmed. Hr Martens went to report to the king in the afternoon. He was received at the Palace at about 1600. He returned to chair a last cabinet meeting at 1700. He left there to go and present the king with the government's resignation. The resignation of the entire government. Some people had thought that he was going to kick the Liberal ministers "out the window" as he had done before with the FDF ministers. But apparently one does not deal with one of the traditional parties like one deals with a so-called community party.

On his return from the Palace, the prime minister read the following statement:

"Several days ago I spoke to the people to emphasize the seriousness of the economic and social situation. On that occasion I stressed the fact that the time had come to call for sacrifices from all segments of the population, each according to his means, and at the same time to take specific measures to protect jobs.

After the deliberations of these past weeks within the cabinet for general policy, the time had come to take clear stands within the government. It is in this spirit that yesterday (editor's note: Friday) I made an overall and balanced proposal to the cabinet which, of necessity, had to take into account the different emphases placed by the different parties of the majority regarding the struggle against tax evasion and abnormal situations in the tax and social welfare area.

Although an agreement was reached on fundamentals in the meeting, several differences of opinion remained which were essentially limited ones. That is why I had a meeting with the six party chairmen in the hope of being able to get past those differences. It yielded nothing. This morning I made a last attempt and I again presented my proposal to the Cabinet. When it appeared that the viewpoints had remained unchanged, I reported to the king.

This afternoon I announced to the Cabinet my intention of going to present the government's resignation to the king. As you have learned, the king put off making a response."

The prime minister then stated:

"I believe that a tripartite government is necessary to resolve the serious problems the country must face up to. I believe that all clear-headed and courageous people must join together their efforts to find a solution. I do not know," the prime minister added, "if this tripartite government is still possible.

A tripartite government is the best solution," he insisted, "provided that that government is able to govern and achieve its program."

The prime minister stated that he would make no official contacts in the course of the next several hours but that the king would probably get some consultations underway.

Emphasizing that he would prefer to fall from power by going before Parliament, the prime minister felt however that that was only possible if the government were cohesive and unanimous.

Finally, Mr Wilfried Martens said that his party and the chairman of his party supported him completely as did the PSC as well.

Comments by Party Chairmen

Brussels LE SOIR in French 7 Oct 80 p 2

[Article by J.v.H.: "Sunday on TV the Liberal Chairmen Practically Adopted a Campaigning Tone"]

[Text] The televised debate confronting the two Liberal chairmen, Messra Willy De Clercq (PVV) and Jean Gol (PRL) with certain colleagues of ours* showed that if the Liberal ministers have ended up being isolated within the government it is more on a matter of principle than on a limited question of substance: the sum of budget savings to be made. At least that is what Mr Willy De Clercq clearly stated.

To begin with, the debate, at times confused, took on as well a somewhat campaign-like appearance. The two chairmen in fact felt forced to throw out slogans and to make references to some essential points in their campaign program, especially in the budgetary area.

Why did the Liberals not leave the government as soon as the time came when they were no longer in agreement with the prime minister's proposals? And their ministers found themselves in the same position the FDF ministers were in when the latter were "persuaded to resign." As far as Mr Gol was concerned, removing the FDF ministers from office was wrong. "That is a hateful method," he said. "The prime minister was faced with a failure. He had to take the consequences on behalf of the entire government."

According to Mr Willy De Clercq there had been no agreement last August on social security. Contrary to what the Socialists claim. "Furthermore, the PVV," he stated, "had made counter-proposals at that point."

After a media colleague made the observation that the disagreement within the government in fact amounted to 2 billion, a rather pathetic sum in the overall budget, Mr De Clercq replied that the Liberals' credibility itself is at stake.

"It does not turn on 2 or 3 billion," he added, "but rather on a principle to defend. For us Liberals a selective reduction of expenditures must be arrived at."

At the end of the TV program Mrs. Lepere read a telex announcing that the king had asked Mr Martens to attempt a "last-ditch effort." Were the Liberals ready to renew the tripartite national union government?

^{*}The debate was moderated by Mrs Christine Lepere, joined by our colleagues in the media Messrs Jacques van Solinge (LE SOIR), Pol Vandromme (LE RAPPEL), Hugo Camps (HET BELANG VAN LIMBURG) and Robert Falony (LA WALLONIE).

Mr De Clercq recalled the circumstances in which his party joined the government. "I took some risks," he said, "at a time when the situation was very difficult." The Liberal Flemish leader did not however say 'no.' But it will be hard. People would have to show they could hold their tempers. There are some things which we will not accept. It's better to say that beforehand than afterwards."

As for Mr Gol, he says he is ready to renegotiate on the condition that deep cuts are attempted. "But," he added, "no picking apart ladybugs. We cannot be satisfied with changing a comma, with altering a word. The government," he said, "can no longer be a boat which is buffetted by every wind and finally runs aground."

The Viewpoints of Majority and Opposition Parties

VDB (PSC): "Outraged" at Liberal Demagoguery

Mr Paul Vanden Boeynants, PSC chairman, replied first of all to Mr Jean Gol who had accused him of being on the side of the Socialists.

"I admit," he said, "that I am rather sad to have to stoop to dealing with such a low and partisan level of rhetoric. I will never engage in the same intellectual dishonesty as Mr.Gol. I would like to say that Mr.Gol should know that when one has in the course of 10 years been a Socialist leader, has moved over to the RW in order to become a minister, and has landed up in the Liberal party in order to become its chairman - when one has followed such a confused political course it is indecent to try to tell anyone else what to do. The only reason I see for it is some degree of irresponsibility in my colleague's thinking. He is still young but at the present time in spite of all these statements I have the impression that his preoccupations and his responsibilities put him squarely alongside his party's election-oriented interests."

Mr Vanden Boeynants further stated that he saw elections as "an additional calamity." For him the situation had become predictable from the time when Messrs Gol and Van Miert "entertained themselves by radicalizing their positions and making provocative statements concerning their colleagues." According to the PSC chairman, an attempt must be made to renew the tripartite government at any price. He also said he was "outraged and scandalized by the demagoguery triggered by the Liberals."

At the exit to one of his party's offices, Mr Vanden Boeynants on to judge that a last-ditch attempt to renew the tripartite government is only possible "on the condition that by each of the partners loyally accepting the notion of solidarity, which is indispensable, the government thus would be able to regain its unity of action, its will, and its capacity for decision-making."

Tindemans (CVP): Very Near to Finding a Solution

During the whole crisis, the silence of Mr Leo Tindemans, CVP chairman, has been noted. Nevertheless at the beginning of Saturday evening he stated that at the time of the meeting of party chairmen of the majority with the prime minister, they had been "a hair's breadth away from finding a solution." The solution could satisfy everyone, according to the CVP chairman.

Mr Leo Tindemans then made the judgment that based on these discussions a proposal from the prime minister made in a cabinet meeting should have been able to obtain a consensus. He added that those who were now instigating a crisis bore "a very great responsibility."

Gol (PRL): "Renegotiate In-depth Reforms"

Mr Jean Gol, chairman of the PRL: "We want to toughen the spirit of a dynamic and effective tripartite government. We reject verbal subterfuges and the politics of ambiguity. The government must go before those interest groups negotiating with it on social issues with clear proposals because it is known in advance that employers and trade unions will not agree.

The Liberal chairman emphasized as well, "Having come up against the crucial problems of budget cuts, we cannot be satisfied with half-measures which will not allow escape from economic and financial disaster," particularly referring to the PSC reversal in this area. The Liberals want "to make cuts solely by selective reductions in expenditures and that does not mean carrying out a rightwing policy."

"The Liberal party is ready to negotiate in-depth reforms. If," he went on to add, "two out of three partners agree to continue to work together but want us to continue our participation, let them negotiate."

Mr Gol had additionally stated that the Social Christian grouping had Friday morning accepted an agreement contradicting its statements of the day before. "As for us," he commented, "actions must be consistent with public pronouncements."

De Clercq (PVV): "The Current Crisis is Due to the Trade Unions"

Mr Willy De Clercq, chairman of the PVV, stated that the current crisis is due to the trade unions.

"Leo Tindemans," he said, "is not the chairman of the CVP and Karel Van Miert is not the chairman of the SP. Messrs Houthuys, CSC chairman, and Debunne, secretary-general of the FGTB, are," he said as well before adding that "this government has not been able to make any basic decisions.

If the three big political groupings cannot manage to find a solution at a time when Belgium is at the brink of disaster, it would be very serious for democracy," he said as well.

Cools (PS): "The Liberals Are Taking a Terrible Risk"

Mr Andre Cools, chairman of the PS, regrets that "the responsibility that people try to pin on the Socialists belongs to the Liberal grouping, since it had given its OK, particularly on budget policy in July and August. I notice that it expressed the desire to put the burden of the crisis on the underprivileged."

For Mr Cools, "There is in any case no question of renegotiating on the basis of the Liberal program." The chairman of the PS feels furthermore that the Liberals "took a terrible risk when they broke the democratic rule which says that when one is in the minority either one gives in to the majority or else one refuses to participate in what is opposed to what one says or believes."

Mr Cools also reproached the Liberals with being "very rigid on certain points such as national defense but being much less so when it comes to implementing decisions such as the VAT on luxury goods or measures affecting pensions of over 150,000 francs."

According to the chairman of the P5, "tripartite government is not an ideal solution, but it had to respond to a double challenge; the issues turning on community and the economy." He said he was ready just like the Social Christian grouping to attempt a revival of tripartite government, but according to him there could be no question of jeopardizing the main lines settled on last May at the time the Martens III government was formed.

Van Miert (SP) Criticizes Liberal "Poujadiem"

Mr Karel Van Miert, chairman of the SP: "We have had to observe that on the Liberal side it has pretty much become a symbolic battle solely directed at certain points such as getting 30,000-40,000 unemployed out of the unemployment system, at a time when that party was not looking for any economy measures in the defense area. The crux of the matter," as Mr Van Miert sees it, "is that they do not want to apply the burdens where they can be borne. Each of us knows that efforts must be made. They must be distributed in a genuinely equitable way. I do not think that we were a hair's breadth away from a solution," he added.

"On two occasions we were in agreement with the Democrat-Christians, and the prime minister's proposals but we have had to point out that the Liberals could not be gotten to come around."

At the end of his party's evaluation conference, the chairman of the SP stated further: "The Flemish Socialists do not rule anything out and are ready to accept any responsibility which is theirs. But not in an atmosphere of Poujadism and hypocrisy in which any social concern is disparaged." He asked for the conference's confidence as he faces the difficult negotiations which are going to begin.

Peaceful SP Conference

The SP conference which met on Sunday was the scene of specific attack on the Liberals and in particular the minister of finance, Mr Hatry. Mesers Class and Van Miert presented a very black picture of the current economic situation.

The conference of Flemish Socialists was meant to be an evaluation conference after more than four months of tripartite government. Events transformed it into an informational conference. A peaceful conference. Nobody wanted to make the current political situation any more complicated. Flemish Socialists are also as a whole fairly satisfied with the results of their participation in the government.

Regarding budgetary savings Mr Class asked for clarity of choice. "Everyone must be clear about this," he said. "The Liberals want to exclude 50,000 people from unemployment pay but Mr Hatry, the minister of finance, is not attacking the rich: supplementary levies on luxury goods are not yet being applied, at a time when taxes on petroleum products, which affect a greater number of people, have been rapidly implemented. No specific additional measure has been taken to find the 15 billion which is projected on the basis of fighting against tax evasion. Taxes on the tierce overseas have been reduced, etc."

Mr Class asked that the Socialists shoulder their responsibilities in the current crisis and not choose the easy path of opposition. Mr Class and Van Miert, both one and the other, stressed that there was no difference of opinion between them and that the socialist ministers had collaborated in exemplary fashion with the party officials.

Mrs Spaak (FDF): "The Worm Was in the Fruit."

Mrs Antoinette Spaak, chairwoman of the FDF: "I had the feeling that from the time that Mr Karel Van Miert, chairman of the Flemish Socialists, began questioning certain decisions of the government, the worm was in the fruit. Furthermore I do not believe that the formula of a tripartite government made up of the traditional parties is such a good system of government, for when one hears statements so fundamentally contradictory as those of Messrs Andre Cools and Jean Gol, it is difficult to imagine these antagonists being able to reconcile again. On the other hand, each one has shown that we have a team of tired men to deal with, led by a prime minister who is no less tired. The team has also demonstrated its powerlessness in not managing to resolve vital problems. Furthermore I do not see what Mr Martens will think up to resolve the crisis. To resort to elections would in any case give a jolt to public opinion."

Mordant (RW): Where Are the Promised Jobs?

Mr Henri Mordant, chairman of the RW: "The spectacle offered these last days by the chairmen of the traditional parties is a lementable one. It is a discredit to our political morality. This tripartite government in which serious hopes were placed of a return to a classical era, is ending up in "thin air." This shows that Belgium is increasingly difficult to govern, doubtless because

national civic pride is no longer to be found. Policy carried out by a tripartite government has ended in failure in the economy, in finance, and even in the area of community, with a regional policy which has in fact resolved nothing but has created new problems.

None of the traditional parties has shown itself capable of seriously analyzing the crisis. Efforts are made merely to plug up holes, while disputes are carried on at the level of campaign rhetoric, over respective portions of cuts and assessments but without a vision of the future, without a real policy of industrial revival. So where are the jobs promised for tomorrow? The number of unemployed just continues to increase. The tripartite government has been incapable of responding to this fundamental question."

Van Geyt (PC): A Tactic Vis-a-vis Workers

Mr Louis Van Geyt (PC): "Things were very clearly defined by Mr Vanden Boeynants when he stated that things have been determined much less by fundamental questions than by the process of presenting the government proposals for the benefit of those interest groups negotiating with the government on social issues. This confirms that if there is a difference of opinion between Social Christians and Socialists on the one hand and Liberals on the other it is on whether or not there is the need to go through a process of dialogue before implementing choices which the government has agreed on. This confirms also that where in the thinking of the Social Christians and the Socialists dialogue can affect the ways measures slated by the government are implemented, as far as Mr Gol is concerned one can disregard other opinion which is judged of secondary importance.

Therefore there is further difference of opinion on the tactics to be employed vis-a-vis the working class world as well as over the basic things that the conflict turns on."

Third Recent Crisis

Brussels LE SOIR in French 7 Oct 80 p 2

[Article by P.L.: "Third Crisis in Eighteen Months"]

[Text] Could the Belgian state have become ungovernable? Here we are again anyway in a state of political crisis. It is the third time in a year and a half. It is the third time since Mr Wilfried Martens has been head of the government. Not counting the fact that it was the end of a crisis which had lasted 6 months, during the winter of 1978 and the spring of 1979, when he stepped into number 16 Rue de la Loi on 3 April 1979.

The Martens I government was not to stay alive more than ten months. On 17 December 1979 the CVP convention meeting in Heysel finished off the last

hopes of achieving governmental agreement in the area of governmental reform. Crisis broke out on 16 January 1980 when the FDF, demanding that the agreement be respected in its entirety, was "persuaded to resign."

The prime minister needed a week to count up his troops again and write up a new government message which was read before the Chambers on 24 January. The Martens II period started with only Social Christians and Socialists. It was to be short-lived.

On 26 March after 2 months spent polishing up the reform item, it got away once again in the Senate when part of the CVP refused to vote for article 5 regarding the make-up of the Brussels regional council. Mr Martens insisted, asked for a second reading, but had to give in on 2 April: he was not able to sway the hard-line wing of the Flemish Social Christians. Having presented it as a vote of confidence, the prime minister that time had to submit his resignation.

The sovereign held his decision under advisement and asked the prime minister to see if a solution could be found in a short period of time. However, facts had to be faced. On 9 April the king accepted the resignation. This was the end of Martens II and the second crisis in the space of a year.

The king had consultations, charged Mr Willy Class with a mission of inquiry, then again Mr Martens with the task of forming a government. One spoke of national union, of a broad-based union, and then with the help of forceps there was born after three months of difficult negotiations a third Martens Government made up of the three traditional groupings. The succession took place on 17 May, at the cost of putting the Brussels problem "on ice."

Martens III then tried to make up for lost time. With great speed it wrote its new reform bills and finished up the 1980 budget. Already struggling for its very survival, it forced the Chambers right away to meet at a crazy pace to approve reform and the act providing the framework for a government program. It was not to leave on vacation until 9 August, exhausted but happy, and undoubtedly not expecting a return as turbulent as it was hasty.

September had in fact barely arrived when Mr Van Miert threw out his quadruple ultimatum. What followed is well known, made up of exaggerated build-ups, negotiations, compromise and indecision. Evidently governmental machinery did not function at all for a month more. It was just coming to a halt at the time when it was necessary to finish up the 1981 budget. Also at the time when the promised negotiation over Brussels was meant to start.

For 6 years, nearly all the governmental recipes have been tried and all have failed. There was Tindemans I with the Christians, the Liberals and the RW. There was Tindemans II with the Christians, the Socialists, the FDF and the VU.

There was the time of the Pact of Egmont. Then there was Martens I with the Christians, the Socialists and the FDF; then Martens II, with the Christians and the Socialists; then finally Martens III, the traditional tripartite arrangement, like the Leburton government. We have come full circle. And what is left for politics to think up?

9631

CSO: 3100

COUNTRY SECTION BELGIUM

NEWSPAPERS' COMMENTS ON POLITICAL CRISIS

Brussels LE SOIR in French 5-6 Oct 80 p 2

[Text] Even the newspapers have not been receiving newspapers because of the press distribution service strike. That being the case this press review only gives an incomplete view of the reactions aroused by the crisis atmosphere that reigns at the Rue de la Loi.

However, the "available" reactions have seemed to us sufficiently interesting to bring them to the attention of our readers.

According to LA MEUSE-LA LANTERNE, it is the Liberals who deplore the "about-face of the CVP." Faced with opposition from the Socialists, the prime minister is said to have taken back his new proposals only to come back to a new rehash of his former plan. "At this point the assertion is made on the Liberal side that the CVP made an about-face by accepting this new proposal (editor's note: an exact copy of the earlier one) thus isolating the Liberal ministers."

For DE MORGEN, "brainwashing" is being practised in the sense that the following refrain is being continually sung: "There has been enough discussion. We must take steps now with or without the blessing of the social partners." "It cannot be formulated more clearly," the Flemish socialist newspaper says, "the right is fed up with social consultation and wants to reorganize unemployment and social security without discussion. Hence we have an incessant campaign mentioning how powerless the cabinet is and what a distance there is between the government and actual needs fo the population. This is disturbing plagiarism. Some 40 years ago Leon Degrelle played on the same themes but with more talent. That does not make all this brainwashing any less dangerous. Basically it is a matter of an offensive of extreme conservatism."

DE STANDAARD feels that the memorandum presented by the prime minister is deceptive "like so many previous official statements because of a lack of data to back up the main points. It is exactly as if the management committee of a private company made a commitment to run the company efficiently and in a spirit of economy but for all that not stating on what statistical basis it intended to base its activity."

And now? What could happen? LA DERNIERE HEURE emphasizes that "optimistic observers and those who claimed to be well informed still were maintaining Friday night that the Martens cabinet could once more weather the storm, but this forecast is a little

illusory since the Liberals seem to be decided on not compromising on what is pressing right now, that is, on salvaging our finances, our economy and our social security."

"In fact the confrontation between two irreconcilable doctrines, that of the 'taxers' and that of the proponents of a certain moderating austerity, was bound to lead to a deadlock. That is where we are, or just about. It remains to be seen what tomorrow has in store in the way of surprises and setbacks."

Finally, LA LIBRE BELGIQUE feels that "all the ingredients of a crisis have come together. However, it remains to be seen whether the gravity of the situation and fear of the voters will restrain the most belligerent ones and particularly the Liberals, "to whose court the ball has been passed" regarding the deadlock by the double or nothing manuever which Mr Martens indulged in. But others are wondering about what chance there is with butsts of reshuffling to keep a government alive which is undermined from within and lacking in will-power. As for public opinion, it is not hiding its disillusionment any more."

9631

CSO: 3100

COUNTRY SECTION BELGIUM

MARTENS IV GOVERNMENT MAY NOT INCLUDE LIBERALS

Brussels LE SOIR in French 5-6 Oct 80 pp 1,2

[Text] Are our politicians going to present the country with a crisis for the sake of two billion francs and a principle? That is the question to which the headquarters of the majority parties and the members of the government must respond.

Now then, we find ourselves in deep political turmoil. Meetings of all kinds have followed one another nonstop since Friday. In fact that morning a cabinet meeting was in session during which the Liberals declared themselves opposed to the prime minister's proposals. That same evening Mr Martens gathered the party chairmen together to try to avoid a deadlock. After 5 1/2 hours of talks no breakthrough had been made.

As early as this Saturday morning the cabinet was once again in session. The meeting went like lightning. Seven minutes. The time it takes to cook a hard-boiled egg. Stands remained fixed like stereotypes. It is true that Mr Martens merely presented once more his proposals to the government from the day before, not taking into account ideas put forward by the Liberals at the meeting of the party chairmen on Friday.

Saturday morning the prime minister asked who was in agreement and who was not. The Liberals once again declared that they were not in agreement. Mr Martens told them that in that case they had to draw the conclusion this standpoint involved, putting it plainly, to resign. But the Liberals feel that if no consensus is possible within the ministerial team it is the entire government which must present its resignation to the king.

Mr Martens then made it known that he would be meeting with the king to make a report on the situation and that he was calling a new cabinet meeting yet again for 1700 on Saturday.

Of course considering the developments in this situation a series of hypotheses were put out by observers. Some, moderately optimistic, were claiming that crisis could be averted by giving the Liberals a concession on principle.

A Repetition of the "FDF Coup"

Others were giving the impression that the Liberals might be split between Flemish and Wallooms. For 2 days the Flemish Liberals were showing themselves to be more stubborn than their colleagues from the south.

But the hypothesis which it seems was most widely accepted was that of kicking the Liberals "out of the window." That is to say, a repetition of the "FDF Coup," the circumstances being comparable ones. Mr Martens would "give the ministers their pink slips" or at least ask the king to dismiss them.

This solution seemed to some people more difficult to execute and they felt that the government would not get away with it.

The most likely choice however seems to be the birth of a Martens IV Government without Liberals. Indeed, while the Liberals do not want to leave the government, the majority parties do not want a crisis and consequent elections in what is a very bad general atmosphere.

The Disagreement Turns On 2 Billion

In the hypothesis according to which Mr Martens gets rid of the Liberals, his government will no longer have at its disposal a two-thirds majority in the Parliament and will therefore no longer be in a position to resolve the Brussels "problem." On the other hand, a two-party Social Christian-Socialist grouping would be able to count on an extensive majority within the communal assemblies and the regional Walloon assembly. As for a two-party Christian-Liberal government, it would have a comfortable majority in Flanders at its disposal, but it would be a minority in Wallonia.

What does the disagreement turn on which is bringing us this political suspense?

First the question of principle. The Liberals have always impressed on their constituents that they would not accept new taxes and that they would require economy measures and budget cuts. Facing financial catastrophe as it does, the government has definitely had to resolve to find new resources, particularly with the aid of an increase in certain social assessments. The Liberals' partners are emphasizing that the whole government has agreed on this principle since the month of June and that today, faced with putting those agreements in concrete form, the Liberals are balking. They feel that economy measures amounting to 15 billion are not sufficient and would like a supplementary effort to be made along those lines.

Then there is the figure. It would seem to turn on some two billion. For the Social Christians and the Socialists, it must be found with the aid of additional assessments. For the Liberals, it must be found by additional cuts.

How the Situation Has Evolved

How is it that we've come once more to the edge of political crisis?

A short look back is essential. The basis document was introduced by Mr Martens. By way of introduction the prime minister emphasizes the fact that the government

must be in a position next Monday to make concrete proposals to social interest group negotiators: "We must talk about a plan for economic and social recovery which simultaneously includes measures to bolster social security as well as measures for economic recovery and to protect employment."

The measures of a budgetary nature are three in number:

- 1. "The struggle against tax evasion should in actual terms bring in the 15 billion projected for 1981 and the measures to achieve it must be made specific and decided on before the Parliament comes back. Also of course, measures for excise taxes and VAT on luxury goods will be rapidly implemented and the matter of reducing the tax rate on the tierce will be reexamined."
- 2. The whittling down of high pensions must be put into effect for everyone.
- 3. In public services, the goal is still to achieve a savings of 6 billion. However the memorandum no longer mentions the famous 2 percent.

In the area of employment policy, Mr Martens proposes to decide on specific measures after consultation with social interest group negotiators, to stimulate the construction sector by lowering the welfare contributions which weigh heavily on small and medium-sized companies of 1.5 billion, to continue the policy on public sector investments which had previously been decided on, and to set in operation a program of energy saving in businesses. Finally, "in the framework of employment policy and tied to the increase in assessments, genuine restraint in all income areas, including government authorities, will be introduced."

Finally, what he by convention calls the "triangle" of social security will be maintained: 15 billion of savings, 13.4 billion of increase in assessments, and 2.8 billion granted by the State (to which must be added 2.8 billion drawn from pension funds).

in the area of savings, 5 billion are to be found in the unemployment sector, that is .26 billion via a stricter application of existing regulations and 2.4 billion due to changes in the regulations. In the sickness-disability sector stipulation is made that the projected 8 billion cannot include withdrawals from private insurance for work accidents. In the pension sector, the projected 2 billion must result from actual policy measures.

On the assessment side, the actual increases must go up to 12.4 billion to which a billion must be added coming from private insurance funds for work accidents.

The Isolated Liberals

The prime minister's memorandum makes it clear as well that the question of taxing temporary replacement income (unemployment, allowances, etc.) will undergo a process of social consultation. The government also is committed to making "improved proposals" to private plans with a view to reestablishing balance bewteen the different sectors of social security.

Finally, a supplementary assessment effort on behalf of private plans - to be some 3 billion - will be put down in this area.

These proposals then were judged insufficient by the Liberals. However, on Friday morning they felt the wind in their sails. The coolness with which the CVP steering committee had on the previous day treated the head of government encouraged them to adopt a tough stance vis-a-vis the Socialists who were firmly refusing to go beyond the prime minister's proposals.

On the other hand, during the course of the morning it appeared that it was the Liberals who found themselves isolated and in a position of weakness. In the PSC some members were harshly criticizing the tone adopted by the PRL chairman, Jean Gol, at the television mike and were accusing the Liberals of wanting to hunt on Social Christian electoral territory.

Some Declarations by Party Chairmen on Friday Evening

Friday evening when the meeting of majority party chairmen broke up they stated the following:

For Mr Andre Cools, chairman of the PS, there can be no question of renegotiating the agreement concluded in June among all the partners of the government coalition. "The decisions," he said, "of three months ago, made in the presence of the Liberal ministers and which have been the subject of three meetings with our social partners, must be respected. We respect the agreements."

According to Mr Vanden Boeynants, chairman of the PSC, there can be no talk of renegotiation. But when the party chairmen meet it is to try to pull through this. "Consultation, negotiation, discussion, the words do not matter much, it is the objective that counts."

As for Mr Leo Tindemans, chairman of the CVP, he feels that difficult points remain. The danger of a remognistion still exists. Nevertheless he still hopes "to save the government."

Mr Jean Gol, chairman of the PRL, denounces the Social Christians' "about-face."
"For us," he said, "the burdens are too great. They must be reduced. The reductions must be genuine."

9631 CSO: 3100 COUNTRY SECTION BELGIUM

NEW GOVERNMENT INSTITUTES AUSTERITY PROGRAM

Zurich NEUE ZUERCHER ZEITUNG in German 18 Oct 80 p 13

[Article by pmr: "The New Belgium Government's Austerity Program"]

[Text] Brussels, 16 Oct — In negotiations on the formation of a new government, the Christian Democrats and the Socialists reached an agreement on a comprehensive package of economic and sociopolitical measures. In the center of the new government program stand restraint on the income side and revival of the aconomy both through overall measures and measures pertaining to individual sectors.

Alternatives for the Social Partners

The Belgian coalition partners, to be sure, have made the most important part of their economic policies dependent on the negotiations with the social partners. Since the socialists had strong misgivings about the wages restraint decreed by the government, the originally tough plan of the old and the new prime minister, Martens, was divided into several options which were presented to the social partners to choose from. On the one hand, the government proposes a 2 year wage scale agreement applicable to the entire economy in which wage raises would be limited strictly to price increases. If negotiated wage raises still surpass the price-indexing limitation, the government partners provide for "punishment" according to two different formulas. First: The employees receive only half the increase agreed upon, while the employer for his part must pay the other half plus an additional equal amount into a solidarity fund. Thus, any wage increase would cost the enterprises three times as much as the amount which is actually paid to the employee. Under pressure by the Socialists, a "softer" variant was added to this hard formula, originally proposed by Martens. It provides for the cessation of all tax concessions and state furtherance measures for the enterprises or branches affected as "punishment". The Socialists also pushed through legislation that special measures be taken for minimum wages and hard or unhealthy work. The principle of strictly coupling wages to the price index was also specifically confirmed.

The income in the professions is to be frozen for a year and thereafter to be raised only as the price index increases. The salaries of persons in political and public authority is to be cut as of next year by 5 percent. An equivalent income reduction is also being decreed under Belgian law for all managing directors of corporations. Persons with incomes in excess of 5 million Belgian france annually are moreover under obligation to invest a part of their income in Belgian government loans or in stocks.

For the furtherance of economic activity, enterprises are to be allowed to form tax-free investment reserve funds up to 5 percent of net earnings. The reserve accumulations must be invested within 3 years. The depressed construction sector is to be assisted by a temporary reduction of the value-added tax from 16 to 6 percent. Three billion Belgian francs are being made available for the furtherance of the middle class. Equity capital ownership is to be promoted by making dividends of newly issued registered shares income tax free up to a total of 75,000 Belgian francs. Investments which serve conservation can be written off in unlimited amounts according to a self-chosen formula (ad libitum). In the private sphere, all expenditures for insulation and energy conservation in homes can be deducted from taxable income. In defense of these far-reaching measures, the coalition agreement points out that due to a sharp rise in oil prices, Belgium's real economic growth rate this year has been reduced by 2 percent.

Hot Coals for the Future Government

Beyond this, the coalition partners have confirmed the promise already contained in the program of the preceding government to keep the growth of public expenditures below the increase in the gross national product. The already formerly planned savings on social insurance were also confirmed. As regards the until recently controversial profits tax of intercommunal energy supply enterprises in which the communities and the country's three large private firms cooperate, only an agreement in principle was reached. The Socialists had criticized the fact that the firms enjoyed the same tax privileges as the communities. They placed such importance on this issue that it occasionally seemed as if the coalition talks could break down because of it. It has now been agreed to change the taxation, but the working out of concrete details was delegated to the future government which, thereby, encounters some very hot coals right at the beginning of its work.

9011

CSO: 3103

COUNTRY SECTION BELGIUM

ETHNICITY: DOMINANT FACTOR IN YOUNG PLEMINGS' THINKING

Brussels LE SOIR in French 25 Oct 80 p 5

[Article by Colette Braeckman, Jean-Paul Collette, Guy Duplat: "The Young People Are Still Deeply Rooted in 'Deep Flanders'"]

[Text] According to the public opinion survey conducted by the INUSOP [National Public Opinion Survey Institute] for LE SOIR, a "van Miert phenomenon" is in the process of germinating in Flanders. But at the same time, grassroots, peasant, religious, family-oriented Planders continues to shape behavior even among the youngest. While nationalism--the spearhead of past conflicts--is taking on timely and less "right-wing" nuances. Our tour of political Flanders today seeks to tackle these three aspects in the life of our neighbors which are too frequently unknown: the still very strong nationalism, the thrust from a progressive movement, the interpretation of traditions by a younger generation which, as we had an opportunity to see for ourselves, does not at all any longer resemble that of the southern part of the country, of Brussels. Would we over have seriously believed that the young Flemings would some day follow the conflictrich and neutralist road of their neighbors to the north? There were however times when one could have imagined that in view of the shattering speeches by some Young Turks in politics who displayed a rather striking anticonformism regardless of whether it involved Zaire, missiles, or nuclear matters. Grass-roots Flanders is hardly ever to be found in these high-sounding vanguards who quite often are as progressive in foreign policy as they are reformist domestically -- the only thing which in the final analysis counts for our fellow citizens.

Above all and perhaps even more than one might imagine, Flanders is nationalist; it has little interest in foreign policy. The big debates involving ideas that stir the contemporary world and the perils which

threaten it, hardly ever move it. Flanders, it seemed to us, is still involved in asserting its identity, its culture, in the defense of rights which—though they may have been gained decades ago—still seem recent and threatened to it.

Even among the young people, the national connection remains extremely sensitive. A survey on Flanders, started by the weekly magazine KNACK, demonstrates this. From the first debate—which tried to answer the question "who are we and where are we going?"—there emerged the image of a people united by a common language, of course, by life in the same territory, defended if not reconquered, yard by yard, as strange as this might seem, the right to the soil did not appear to be fundamental.

What counted was the language, a language quite different from the Dutch spoken in the north--which explains the complexes regarding the French-speaking people but also regarding the Dutch as such.

Several representatives of the Flemish community, invited by KNACK, underscored the role played by the Catholic religion; it has separated them from the Protestant north and—although imposed by foreign sovereigns—it was never challenged. Today, still, 70 percent of the children go to Catholic schools and during the European elections, Mr Tindemans' strongest ace was the unanimous support he got in the parish bulletins.

Interest in Third World

Among the young people, religion quickly wipes out the possible influence of the Dutch challenge movements and the little cousins of "Dolle Minas," the shock-brigade feminists, are very quickly becoming honorable mothers of families. However, among the students especially, religion, which sharpens the sense of injustice, triggers a real concern for the Third World. It is in Flanders that the movements of solidarity with Latin America or the thinking and action groups on apartheid or Zaire encountered the most active supporters.

On the social level, religion--including among the young--plays an even much more significant role; in Flanders, it is not an individual matter-far from it. The practice of religion is also a collective rite, if not a means of control; you are born and baptized a Catholic, you get old and you die in the same tradition. "Order leads to God," the people say often in Flanders, to justify a certain conformism.

"The Flemings Are among Their Own"

There is another factor which might also perhaps explain this conservatisms the Flemings remain a peasant people, a rural nation, in spite of industrialization and growing urban development. More so than the other Belgians, they remain commuters; they work in the city or at the plant but in the evening they go back to their villages, to their little houses, to their lovingly cultivated cabbage patch. And they return to a strongly

structured community which is an instrument of effective social control. Mobility is limited to the daily trip to the place of work. As for the rest, one lives, one settles down, and one very often gets married in the same section of town and in the same environment. This is undoubtedly what contributes to giving the young Flemings this feeling of belonging to a coherent, reassuring group where everybody has his place.

However, in spite of the natural respect for civil and religious authorities, the Flemings—as the invited guests from KNACK found out for themselves—hardly have any sense of being a state. The youngsters, regardless of where they come from are absolutely indifferent to the nation of Belgium. That is true even though they gladly admit that the cultural and political rebirth of the Flemish people could have come about only within the framework of the Belgian state. While they practically control the government machinery, the Flemings, strange as it may seem, always in the past felt that they had been pushed into a minority position by the Walloons and the Brusselese. But this feeling—which is extremely strong along the outskirts of Brussels, the only object of so much resentment—is attenuated as you go further away from the language border and as many youngsters no longer even feel the need to learn French, preferring English or German.

The Cement of Memory

Finally, the thing that holds the Flemish community together, including the youngsters, beyond religion, territory, cultural heritage, and language itself, is the feeling of having common battles to fight, common duties, together to assert and defend rights which are perpetually menaced. Even though their partners increasingly frequently consider them to be rather domineering and even arrogant, the Flemings always remain a frustrated nation, still and always wishing to take revenge.

Obviously, the old wounds have not healed; the humiliations of yesteryear have not been forgotten and remain decisive when it comes to analyzing the viceral reactions, if not political behavior as such. This painful memory is sustained moreover with special care because, in the opinion of everyone, it remains the best cement to hold the Flemish community together. Even though the youngsters do not really have any further reasons for developing a complex, they admit that—both in their families and during all phases of their education—they are being fed this nationalism, that they are untiringly being inculcated with the memory of the ancient sufferings of their people.

Flanders manifestly remains a nation that is still trying to find itself. Will the young Flemings be the first generation to have found itself?

The Van Miert Myth--Some Drops of Sympathy in an Ocean of Morosity

Malines rises softly into the mist. On bicycles, motorcycles, or on foot, the pupils have reached the venerable walls of the public secondary school -- "socialist and liberal," as its principal describes it oddly enough.

Latin-Greek rhetoric, a large and cultivated class, ideal for testing the "Van Miert phenomenon." One third of the students say that they follow politics but only six among them expressed their opinion. The majority however is not a spongy swamp, without any reaction and without any political choices—but it does not speak, out of shyness. In Flanders, more than clsewhere, political feelings are still a part of the most secret intimate person which one does not expose—except of course in the privacy of the voting booth.

"We know Karel Van Miert. He is still young and new but he seems honest and frank. We like him." "No, he was a hypocrite on the missile affairs. After having expressed his opposition to their installation out in the street, he turned the other way." "Tindemans is a man of honor, especially when he rejected the Egmont agreement," another one replied.

And there was a sticker on his notebook: "I am a Fleming and proud to be."

"Tindemens is a phony, he is authoritarian and not democratic," a girl replied.

Tindemans and the Flemish issue are the only subjects which make the eyes of these young students flash. For them, the Flemish reflex remains alive. Primarily against the French-speaking Brusselese who are accused of maintaining a "pretentious arrogance and bourgeois spirit."

"The program of the socialists is unfeasible. Class had promised 100,000 jobs but that was impossible. The SP [Socialist Party] should go back to a more realistic program. Collusion with the labor unions continues to be exaggerated."

The Power of Money

This disabused realism again turns up in the issue of Zaire and the missiles. "There was no way unfortunately to change anything in our relations with Mobutu. Our economic and financial interests are too important."

One third of the students feels that, as they put it, it is unfortunately necessary to install the missiles in Belgium. Not because they are afraid of the Russians but "because we are part of an alliance with the United States and because it is necessary for our economy to bow to its will."

The students in that class did not really note the changes that happened within the SP over the last several years; opening to other militants and other themes of struggle.

For many, the socialists remain the socialists, for better of worse.

But where, then, is the enthusiasm of May 1968? The nonpolitical movements? "Amnesty International." "It is important that it inform public opinion but it should interest itself much more in what is happening in Belgium."

The ecologists and the challenge to the nuclear industry? "One cannot dismantle the power plants in the current context of the energy crisis. What would they be replaced with? But it is necessary to step up controls and to provide more information."

These youngsters are decidedly more reasonable. DE MORGEN is little read and little known. It is daddy's newspapers or TV that provide the information. Commitment is often limited to watching birds and protecting nature with the "wielewall [golden orioles]."

Concrete, mud, the black or reddish graffitti on the walls tell of another world. Daddy's newspapers are far away.

Here the posters proclaim: "DE MORGEN says its black on white," "DE MORGEN is daring," "the young socialists -- the young people demand jobs."

The university campus of VUB [Free University of Brussels?] next year will receive some of our good rhetoreticians. Here, a small minority is very much politicized while the majority is not interested in political debates. "When there is a politician who gives a lecture, nobody comes, but when they show a commercial film, you get a crowd. Van Hiert is popular among the young people at VUB. He represents something else. He is more true, more sympathetic toward the topics which obviously are most important for the young people."

"The missiles are of tremendous importance for our future. But this sympathy for the SP is not enthusiasm, far from it." "Van Miert does not say anything big. He seems to be manipulated by his party's members." "I went to listen to him at Louvain," a young Dutch girl told us, "and he talked above all about attacking the Catholic electorate."

"The SP is like the liberal and social-Christian parties; it is in favor of the restoration of our economy at the risk of triggering a social collapse. It does not really protect the most disadvantaged."

"Since no party is ideological," a rather liberal dentistry student said, "why does not the SP restore the country with the liberals?" "The newspaper DE MORGEN," says a leftist, "presents some interesting subjects but it does not give sufficient information. I prefer to get STANDAARD."

The Show-Business State

For Eric Van Rompuy, the famous and bubbling president of the young CVP [Social Christian Party] members, "there is no Van Miert phenomenon. The SP is even more dogmatic than it was before from the social-economic viewpoint. It remains in the pay of the labor unions and is viscerally attached to the 'acquired rights.' Their proposals on missiles and foreign policy are a smoke screen. The young CVP group has more specific proposals."

In the magazine SPECTATOR, Van Rompuy said that Van Miert and the Flemish socialists were worried only about themselves, about holding on to their place, and increasing sales of the newspaper DE MORGEN.

Jealousy, sniping among politicians? Undoubtedly, if we listen to the girl from Ghent who came to study at VUB. "I was very little interested in politics. Van Miert pleased me because he stated problems clearly and apparently with sincerity."

But, looking at his smile, and his charisma, Van Miert is no stranger to success. The show business state is tough.

Tindemans, Black or White? Two Opinions

Tindemans, superstar?

In Flanders, his name is on everyone's lips. And while his "fans" are numerous, extraordinarily numerous, his adversaries are likewise. On the national level, the "cons" prevail over the "pros."

What are the young Flemings thinking? We asked two "committed" young people to draw us a portrait of Tindemans; a hot supporter of the CVP chairman and one of his bitter opponents. What they told us, with enthusiasm or vigor, also enables us to take the pulse of Flanders.

"I Appreciate the Significance of this Great Flemish Figure"

A member of the CVP-Jongeren [Youth Group] for two years, Luc is from Bruges, 22 years old, a teacher of Dutch, who hopes to go into politics; he is already playing an active role among the CVP students at the University of Ghent. The portrait which he sketched of Leo Tindemans is both warm and thoughtful,

"The CVP chairman is a man who inspires confidence in young people and in the not so young. Here, as in his political positions, he manages to accomplish a remarkable synthesis; he is both a Fleming, loyal to cultural values, to the strong points of Flanders, and a defender of Belgian unity. Moreover, he is a convinced European.

"He has a very strong personality thanks to which he often dominates political debates. Leo Tindemens is a very intelligent, multilingual man with great culture. He furthermore is very much appreciated abroad and in European circles. He is the most representative Belgian politician who is also best known beyond our borders.

"At the head of the CVP, when he was prime minister, Mr Tindemans proved to be both strong and concerned with guaranteeing the future and well-being of all. Firm and reassuring because, during a period of difficulty as this one, he has the lucidity and the dynamism to fight against egotistical temptations and discouragements which show up in so many other

political circles. He defends a balanced economic and social blueprint in which the government is not a crushing machine, where everybody can keep a well-paying initiative.

"Open to dialogue, Mr Tindemans is a true democrat who really is successful in coming up with a synthesis of social and Christian ideals. He is open to the problems of the most disadvantaged, of the independent operators and the big enterprises. In recent years, he demonstrated that his pressure was indispensable in all of the important debates concerning the cry and Flanders. Many people consult him in the party but also in a recircles. Lee Tindemans is something like the political soul, the grand Flemish figure, regardless of what the leaders of the other parties may say.

"Although I am so young, it is this broad exposure which I appreciate in him. The role of Mr Tindemans harmoniously completes the role of Mr Martens, the man with the solutions out in the field."

"The Flanders of Tindemans? Harsh, Egotistical, Intolerant"

Jan, 22, is a designer in the Antwerp region. Ever since he got his first job, he has been a member of the Young Socialists—by conviction and heritage—his family has been socialist for four generations. The enemy has always been the Catholic, the bourgeois, the Social-Christian. Today, for Jan, his name is Leo Tindemans.

"I am not so much opposed to Tindemans out of tradition," he remarked.
"I reason as a young person and as a young Fleming and my criticisms against him are different from those of my father. For me, Leo Tindemans is a man who defends situations and positions gained a long time ago. He is the very opposite of a progressive: with him, Flanders will never change.

"In my region, it is the well-off people, the bourgeois, and the clergy who praise the merits of Tindemans. He, in return, gets his support from the Church, from the Catholic schools, and from that system through which the CVP runs Flemish society. I have the impression that, ever since Tindemans had been at the head of the CVP, the entire party and its closely-related organizations have been thinking like he does and follow his directives. He holds the controls in Flanders.

"And, specifically, he is giving an image which I cannot accept regarding Flanders, especially in Brussels and Walloonia: a fictitious, classical, and intolerant image on the community level. Under the pressure of pro-Flemish circles, even within the CVP, Tindemans has made himself the defender of a Flanders which is tough toward the French-speaking groups and which is egotistical in economic and social matters. All young Flemings do not approve this attitude; the young people demand more solidarity.

"There is one ampect of Tindemans' personality which is particularly displeasing to me: he considers himself to be a kind of outpost and he likes being considered as the number one Fleming. When he beats all records in votes, as during the European elections, he feels strong and thinks that all Planders shares his views. The danger precisely is that many people appreciate him more for his personality than for the ideas he advocates. They find him reasuring, conventional, firm while appearing moderate and while being listened to abroad. And he benefits from that to impose his views.

"I do not like Findemans because he has made himself the champion of pure Flemings who are sure of themselves and satisfied with their fate. All Flemings and especially the young people are not at all so satisfied."

Young Flemings Tell Us: All Nationalists Are not on the Right

At Louvain (leuven), during these first few days of October, the students stand in line. In the Great Halls of the university, the latecomers are busy registering for courses while the early arrivals crowd into the bookstores to buy the syllabus, at the same time, the really studious make their first photocopies. The officials in charge of the faculty clubs are putting up their posters, announcing the first concerts, the first dances of the season.

On some windows, rather discreetly next to announcements of rock concerts one can see some posters inviting people to attend a demonstration against the military junta in El Salvador. Jos, one of the officers in charge of the general student assembly, entertains no illusions about the ability to mubilize the students: "They have more class hours than before, more risks of failure. The uncertainties are also greater. Now they work hard and if they have any free time, they listen to music, they go out with their girl friends. A demonstration for El Salvador would get us no more than 300 persons and a possible antifascist demonstration would get us the same number. Only a rise in tuition fees could still result in a mobilization of the big crowd."

Nevertheless, Jos, like other student representatives, feels that this political awareness—although it is hardly expressed in public—is at least as strong as before, but more latent; specific actions in support of the Third World produce much support and the VMO [Flemish Militant Order] would never dare demonstrate at Louvain. Last year, a group tried to distribute tracts but in view of the hostility of the public, the whole thing was over in a few minutes. On another occasion, demonstrators, who had the intention of coming all the way here, did not even leave Antwerp in the first place; "reception committees" had been formed here spontaneously to dissuade them.

Internally likewise, the mobilization capacity is rather weak and everybody admits that the nationalist groups are getting less of an audience. "But let nobody be mistaken," Jos warned us, "feelings here likewise are latent and could be expressed on the first occasion, as in connection with certain specific points, such as Fourons or the Brussels outskirts."

Are the young Plemings less nationalist than in the old days? Certainly not, but they are perhaps less aggressive. And they have good reason: at Louvain, all battles were won during the sixtles and this generation is practically the first one here which speaks its language without complexes, which evolves in a homogeneous if not preserved cultural environment. What a difference when compared to its elders! While the latter are still reliving the humiliations to which they were subjected here for decades, feeling even more in the minority, even more threatened, the youngsters are infinitely more sure of themselves. Accompanying their parents to the Yser Tower, some of them still remember "martyred Flanders," but for the most part they are aware of the dominant role of Flanders in Belgium and believe that the linguistic battle has been practically won.

They no longer hesitate to assert their specificity in the face of the French-speaking group, of course, but also in dealing with the Dutch, speaking in dialects, using juicy and expressive regional terms whose usage however has been banned by the purista in Amsterdam, the creators of "Algemeen beschaafd Nederlands" [General Dutch Civilization]. However, nationalism remains vivacious, even though it has become internalized. "Thus," explains Patrick, who lives on the outskirts of Brussels, "I believe that the battle is not over. French-speaking imperialism still threatens us; the people in Brussels are coming to settle in the mansions, on the bourgeois properties, and they are not content with considering us local inhabitants as nothing but backward peasants; they would like to impose their life style and especially their language upon us. This is why we must remain aggressive and show our teeth; if not, our culture, in these regions along the language border, will be threatened with disappearance."

Neighborly Relations Evoked

While linguistic passions seemed to have calmed down in Flanders as such, people in the "hot regions" remain ready to revive them and quite a few young Flemings are aware of certain ambiguities.

"Nationalism is our awareness of ourselves," explains Jos, "but at certain moments it persuaded us to demonstrate side by side with right-wing movements such as Were Die, Vlaamse Blok, if not the VMO itself." Jos however, like Patrick, denies that their nationalism could automatically be taken over by the right. They mention the existence, at Louvain, of the "Arbeid" (labor) group, a left-wing nationalist group, which expresses its solidarity with the Basques, the Irish, and advocates a very progressive program (but, at the Yser Tower, he gets together with all the others).

On the other hand, the reaction to the VMO is unanimous: it is practically forbidden to stay around Louvain, and Patrick who works in a Third World assistance organization, approves this song by Wannes van de Velde, one of

the most popular in Flanders, who proclaims that "if the VMO were to incarnate the struggle of the Flemings, then let us forget our linguistic insues; it would be better in that case to speak French!"

Freddy Zeegers, chairman of the Volksunie Jongeren [People's Union Youth Group], is also aware of certain equivocations in his party and the Plemish nationalist movement in general.

"We supported the demands for investigations on private militia forces but we must observe that, if Mr Schiltz speaks of the VMO as 'termites in the Flemish movement,' we find on the other hand that others refuse definitely to adopt a position on this issue for purely electoral reasons which we deplore."

Freddy Zeegers explains this ambiguity in the light of the origin of the VMO and the origin of Volksunie: "In the beginning, the VMO was still called 'Vlaamse militanten organisatie,' and not 'orde,' created by Bob Maes, constituted the protective service of Volksunie. Then, when Eriksson controlled the movement, if took an entirely different turn and became more aggressive and ideological."

While saying that the social-economic program of Volksunie is not conservative and that it is necessary to move his party to the right, Freddy Zeegers admitted that Flemish nationalism is more oriented toward the right than elsewhere, in Basque Country, for example, "As a matter of fact," he explained, "the beginnings of the Flemish nationalist movements go back to before the War of 1914-1918 when 'Vlaamse nationalistisch verbond' [Flemish Nationalist League] was created as a kind of common front rallying a group of organizations, some of which were tied to the communist group called 'Clarte' while others were heavily tainted with anarchism. At the time, this front was very definitely progressive but this tendency changed during the thirties, parallel to the general evolution of European parties which moved to the right, following the big economic depression. The Flemish nationalist movements always remained on that line."

But Freddy Zeegers says that he is sure that, if regionalization were to be completed and especially if the "Republic of Flanders" were to be proclaimed, the policy pursued in Flanders would be much less conservative than one might imagine: "We have already had informal contacts with the youth group of the Walloon Rally and we found that certain points in our respective programs are identical."

The chairman of Volksunie Jongeren however admitted that there was today still an "objective alliance" between the Flemish nationalists on all sides and the right-wing movement: "On many occasions, we demonstrate together and how could you separate our militants?"

Flemish Chauviniam

"Besides, he admitted, "if all Flemish parties--if only to be able to exist --were to have to display their nationalism, then some of them would even more demagogically play the card of Flemish chauvinism. The CVP, for example, which continues to hold anti-Prench-speaking feelings, is making its voters believe that every franc given to Walloonia or to Brussels harms the interest of Flanders. This is a primary chauvinism which, in the long run, can only encourage conservative reflexes."

Although the young members of Volksunie are also less numerous, less militant than they were 10 years ago, Freddy Zeegers nevertheless does not helieve that the movement is fading out among the younger generation; those who fought in 1968 were disappointed in social terms but, in nationalist terms, they won and their successors somewhat rested on their laurels. Right now, however, another age group is ready to take over. During this year of 1980, we witnessed the resurrection or the creation of numerous local sections, new nuclei are being created each week, with very young militants, who are generally disgusted with the political game, such as it is being played in Brussels. These are militants who today are ready to fight for a Plemish republic which will have the right to decide whether or not it wishes still to be a part of a confederation called Belgium.

5058 (30:3100 COUNTRY SECTION CANADA

DECISIONS OF PQ NATIONAL COUNCIL TERMED AMBIVALENT

Montreal LA PRESSE in French 7 Oct 80 p A 6

(Text) Meeting at the end of the week in Montreal to establish, the day before the elections, the Pequist government's committment priorities, the delegates of the expanded National Council of the Quebec Party attempted the impossible.

Thus, the fundamental objective of sovereignty "will clearly and courageously be affirmed" but, if the Pequists have their way, it will not become the major theme of the electoral campaign; rather, economic and social aspects will be emphasized.

Furthermore, the Quebec Party has committed itself to not holding a referendum vote during a second governmental mandate. But the government could, during this second term, play out its option and take a referendum vote if necessary.

This minicongress illustrated the ambivalent state of the government that has been obvious since the referendum. The basic option it championed, its whole reason to exist, was overwhelmingly refused by the people of Quebec. Therefore, it would now like to hold on to the power as a good provincial government, as capable as a true federalist party of playing the federalist game and better positioned for reforming it. All the while, however, it will maintain and continue to promote its sovereign option in order not to "betray the more than 40 percent Quebec people who voted yes" (so said Levesque).

This attitude makes one think of the politician who, threatened with defeat by the electorate, told them the following: "I know you don't like my principles, but don't worry, I have others."

In a federal regime it is not unusual for a provincial government to be made up of a party which does not believe in the federal system, which has done everything to convince the population to abandon the system, and which itself proposes to carry on in this direction. Does a provincial government which maintains its choice of sovereignty have an interest in making the regime work at its best, in trying to reform it in true federalist spirit, knowing that doing this will prove that this regime is one of reform and that its option is not justified? Briefly, how can a sovereignist government risk contradicting itself by zealously pursuing a course which will make a federalist system work; a system which it has always criticized for its impractical and unchangeable nature?

I do not question the government's call of good faith to obtain the confidence of the citizens as a neofederalist government. The Pequist government suffers from political schizophrenia in wanting to bring about the sovereignty-association, after having tried everything to revive federalism.

If it really believes it can live this paradox, it is deluding itself more than others. For example, it does not believe the Supreme Court can be fair to the provinces because its judges, who are named for life, or thereabouts, have been named by the central government. Another example: once in power, the Levesque government put high ranking officials who shared their ideology into public functions, because it did not believe the former officials were capable of using their best effort to serve new politics or orientations since, in spite of their good faith, their hearts and souls were not in it. However, the Pequist government feels it can take up the banner where the others failed.

As for the decision not to have recourse to a referendum during a second term, Levesque said that this is a more courageous decision, because the government will put its very existence on the line. It is more courageous, but to committ the future of an entire people with perhaps less than 50 percent of the vote is less democratic.

Finally, doesn't Levesque admit in this way that a government that is condemned on such a fundamental issue becomes morally inept at governing from within a regime that it repudiates?

9572

COUNTRY SECTION

ECONOMY MINISTER: COUNTRY CANNOT AFFORD WAGE INCREASE

Copenhagen BERLINGSKE TIDENDE in Danish 22 Oct 80 p 8

[Article by Liebeth Knudsen]

[Text] The cost-of-living adjustments and the wage drift alone will next year raise the Danish wage level to that of our competitors. If the collective bargaining results in additional wage increases, the Danish wage level will become even higher, and the government's target of 2-3 percent for an improvement in our competitive power will not be reached.

Big Demands on Negotiations

It is stated very clearly in a new economic survey from the economic secretarist of the government which Minister of Economic Affairs Ivar Norgaard yesterday handed over to the Folketing. According to the calculations made in the said survey, the large cost-of-living increments will probably result in an increase in the wage level of 5 percent next year if, as expected, three installments of the cost-of-living increments will be paid. Even with a certain reduction of the wage drift in 1981, the government expects it to cause a further increase of 5 percent.

"An increase in Danish wages of this magnitude will largely be on a level with the average wage increases expected abroad. Strengthening the Danish ecompetitive power will, therefore, make heavy demands on the outcome of the collective bargaining next spring," the economic survey states.

Drop in Real Income of 10 Percent

The economic survey stresses the effect of the many political interventions and the drop in real incomes from 1979 to 1980. However, it also points out that the restrictive effects of the many political interventions will have been exhausted in early 1981, and that additional tightening will be needed in order for the low rate of consumption and the drop in real income to be maintained.

The economic secretariat calculates the drop in real incomes from the first half of 1979 to the second half of 1980 at 10 percent. Retired pensioners have also experienced a considerable drop in their real incomes but not as large as that of wage earners. Also independent persons engaging in commerce or industry have experienced a considerable drop in real incomes. The economic secretariat here expects a smaller drop in real incomes next year and thus an increase in the consumption during the second half of the year—depending on the outcome of the collective bargaining. The increase in the consumption and thus increased imports may cause an increase in the balance of payments deficit for 1981. The economic secretariat expects a balance of payments deficit for 1980 of 18.5 billion kroner and for 1981 of 15.5 billion kroner. As for the employment situation, the economic secretariat expects an unemployment rate of 175,000 in 1980 as a whole and of 195,000 in 1981 as a whole.

Tax Reductions and Restraints

"It is unreasonable to believe that the parties in the labor market will be able to manage the collective bargaining without assistance," the Conservative finance policy spokesman, Palle Simonsen, says in his comment on the new economic survey. "If the government wants to avoid getting into the situation where an unbelievably high rate of taxation will be the only way out, there is but one other solution, viz. for the Folketing to offer tax reductions to the labor market in return for restraints, as far as wage developments are concerned. If we can deflate the wage drift, this will not only create a more sensible economic development but will also result in a calmer atmosphere in the labor market," Palle Simonsen concludes by saying.

COUNTRY SECTION DENMARK

NEW SECURITY POLICY COMMITTEE MAY HANDLE DEFENSE PLANS

Copenhagen BERLINGSKE AFTEN in Danish 24 Oct 80 pp 1, 10

[Article by Rolf Bagger]

[Text] At a government meeting last week it was decided to appoint a new Security and Disarmament Policy Committee to follow international developments and Denmark's security policy situation on a regular basis. It was immediately dubbed the "panic committee" in inner circles, a name that seems to have more to do with the people selected than with the idea itself. Both the appointment of the committee and the people on it had something to do with the left wing of the ruling party, it is said in several quarters. A new feature is the invitation of a number of press representatives to participate on the committee. Their role is quite unclear and of an extremely dubious nature.

At a government meeting last Thursday it was decided to set up a new, permanent and independent Security and Disarmament Policy Committee of experts, not unlike the Economic Council in its structure and functions. Immediately it was called the "panic committee" in inner circles. The name does not appear to be based primarily on the fact that the idea was conceived and carried out in a panic since the committee was proposed in Folketing last spring and at the end of May the Folketing Defense Committee noted that Foreign Minister Kjeld Olesen intended to set up such a committee.

It is more likely that the name "panic committee" has more to do with the composition of the people invited to serve on the committee and the haste with which the list was drawn up. When the list was presented to the press after the cabinet meeting on Tuesday, 14 October, it had not yet been mimeographed but was read aloud by Kjeld Olesen. Several sources who experienced the inception at close quarters confirmed for this paper that the names of the executive committee and the members were the subject of debate right up to the final days before the cabinet meeting.

Our sources revealed further that an important motivation for the government in setting up the committee has been the desire to please the Radical Liberals and

in particular the Social Democratic left wing which is currently creating internal problems in the party on the subject of a new Defense Act.

The Security and Disarmament Policy Committee will be headed by a presiding body of six members led by a chairman. The man selected as chairman is the head of the first department of the Foreign Ministry, Ambassador Skjold G. Mellbin who will take a leave of absence without pay from his job at the ministry to serve as fulltime committee chairman.

Other members of the presiding body are consultant to the prime minister's office (advising on foreign and security policies) Henning Gottlieb, Major M. H. Clemmensen of the defense staff's long-range planning group and as research experts Professor Erling Bjol, doctor of political science, and university assistant professors Anders Boserup and Bertil Heurlin, both of Copenhagen University.

If we compare this presiding group with what the Foreign Ministry originally wanted (in a note to the Folketing Defense Committee from the second office of the political section dated 28 March 1980) we see that the group has been expanded from five to six members, namely from two to three research representatives. One of the research people asked to join the big committee commented: "One from the right, one from the left and one from the center."

The composition of the presiding body has also led several people to wonder why the defense representative has such a relatively low rank and official position compared with representatives of the prime minister's office and the Foreign Ministry--especially in view of the fact that the larger committee contains the head of the Defense High Command's operations division's planning group, Colonel P. B. Nielsen. Contrary to the original idea of the Foreign Ministry the defense intelligence service is not even represented on the committee. It is said of Major M. H. Clemmensen's place in the presiding body that a contributing factor was his demonstrated ability as a diligent debater of defense issues, particularly in the daily paper, INFORMATION.

Major Clemmensen himself said of the idea of the committee: "We feel, especially where I am sitting now, that there is an absolute need for an ongoing security policy analysis for otherwise the armed forces must perform such an analysis and at least formally the defense branches lack the expertise for this job."

The composition of the presiding group has been noted and criticized on yet another point. This happened Saturday when Professor Erling Bjol in a feature article in POLITIKEN sharply criticized the absence on the presiding body of the experts in Soviet conditions that can be found especially at the universities of Copenhagen and Odense.

"It's not enough to count tanks, airplanes and SS-20 missiles," wrote Bjol. "An analysis must be made of the priorities assigned by the Russians to their foreign policy goals, how foreign policy decisions are made, what roles and interests the various groups and organizations in the Soviet political system have."

Soviet Experts

The scholars who can be mentioned in this context are Professor Bjarne Norre-tranders, Copenhagen, and acting Professor Bent Jensen, Odense, as well as Niels Osterfaldt, Copenhagen, and Johnny Christensen, Arhus. Among these men only Bjarne Norretranders has been invited to join the large committee.

The other scholars with various specialties who have been asked to join the committee are Erik Beukel, Odense, Hans Henrik Holm, Arhus, Nicolaj Petersen, Arhus, Christian Thune, Copenhagen, and Jan Oberg, Lund. Finally, representatives of the Foreign Ministry will be ambassadors Peter Dyvig and Peter Michaelsen and foreign adviser Kaj Repsdorph while the Defense Ministry will be represented by office manager J. Wahl and, as mentioned above, Colonel P. B. Nielsen. There will also be a representative from each political party. The parties will select these.

A new feature is that eight press representatives regarded as experts in the area of foreign affairs and security policy have been asked to serve on the committee. They are John Danstrup, POLITIKEN, Jorgen Dragsdahl, INFORMATION, Mogens Espersen, Danish Radio, Ole Sippel, Danish Radio, Niels Norlund, BERLINGSKE newspaper group, Ruth Northen, AKTUELT, Torben Krogh, SOCIALISTISK DAGBLAD and Connie Pedersen, RITZAUS BUREAU.

Obviously there is lack of clarity concerning the job of these press people on the committee. Sources involved in creating the committee say on the one hand that they are included because the committee (according to item C in the mandate--see illustration below [not included]) is to "contribute to information activity...in order to strengthen the basis for the formation of opinions and public debate," while other sources point out that press people are included because there is a general shortage in Denmark of security policy experts both among scholars and among press people compared with the situation in Norway and Sweden and that it was desired to strengthen the committee with the knowledge press representatives could also bring to it.

This raises the question of the relationship between the presiding body and the rest of the committee and the question of what material (and to what extent) committee members will have access to--first and foremost classified material.

The committee's mandate states that the committee will act on its own responsibility and will not be subordinated to the government. But it also says that committee reports are to be prepared by the presiding members on their own responsibility following discussions based on the introduction presented by the presiding body.

Unclarified Questions

The question of to what extent committee members will have access to classified material is not clarified. One source we asked said that this is the first time the issue has been mentioned and that it must be clarified while another source said it would probably follow the same guidelines applying to the

Folketing Defense Committee and the more restricted so-called "Tuesday Committee" consisting of possible defense compromise parties. Here they have access to material stamped "For Official Use" and if it is judged necessary and appropriate to higher classified materials too. A third source said that of course the presiding members would have all relevant material made available to them but the same source doubted this would extend to the committee as a whole. They would receive material with special reference to the degree of classification and this would probably be done selectively, according to this source.

Of the press people asked, John Danstrup and Ole Sippel have already accepted. John Danstrup accepted without reservations after reading in the mandate that the committee will be independent of the government and its agencies, he said. "I said yes because for several years I have been urging as much openness as possible on these matters. While I am here at POLITIKEN I will not enter into anything that also requires a kind of loyalty since in that case we have completely misunderstood our role in the media but there is no question of that here. And if I have any doubts I can always resign," John Danstrup said.

Ole Sippel had no hesitation either. "I said yes," he told us. "I have no reservations since the committee is made up of a broad spectrum of people and ideas. It is obvious that conflicts could arise over classified material or if they wanted the press people to impose self-censorship in view of the general security of the nation. But then I would let my own journalistic ethics prevail which could lead to my resignation. On the other hand I think it is wonderful after working so long on foreign policy to get a chance to air some of my own views to the people who sit and administer security policy and help establish it. As a media person one can also influence the way they administer some of these things."

But other members of the press who were asked have shown less enthusiasm so far because of doubts about being placed in a double role as journalists, which might prevent them from publishing knowledge that comes into their possession. Torben Krogh and Ruth Northen are currently away on trips but Niels Norlund, Mogens Espersen, Connie Pedersen and Jorgen Dragsdahl are still thinking it over. Connie Pedersen told us that she will "probably go on thinking it over for quite a while."

This paper has learned that the editorial board of the daily paper, INFORMATION, directly ordered Jorgen Dragsdahl to refuse.

Another Role

The new Security and Disarmament Policy Committee may also play a role in connection with a new Danish Defense Act. An authoritative source told us that this is "not inconceivable," especially if it is impossible to achieve political agreement on a new Defense Act taking effect on 1 April 1981 at the latest, the date when the old act expires. In that case it is possible, this source said, that the government will decide to extend the current act for 1 year, perhaps on the basis of a narrow parliamentary majority, with the idea of taking the whole thing up again a year later and then trying to pass a new act effective for a 4-year period.

It is in that context that it is conceivable the Security and Disarmament Policy Committee might play a role through its evaluations, analyses and reports on various aspects of Danish security policy sources have told us.

6578

(SO: 3106

COUNTRY SECTION DERMARK

LABOR CONFEDERATION PLEDGES TO PREVENT REAL WAGE CUT

Copenhagen BERLINGSKE TIDENDE in Danish 22 Oct 80 p 9

[Article by Kermit Nerlund]

[Text] For the first time, the general demands are being negotiated locally. But if no agreement has been reached by 6 January 1981, the Trade Union Confederation and the Danish Union of General Workers will intervene. The plan gives 5 February as the deadline for the principal organizations.

Trade unions and employers' organizations are now reluctantly undertaking the first attempt at local collective bargaining regarding general demands. The point of departure is the poorest one imaginable: A very modest 'cake' to share. The government has made it known that only small and isolated wage increases can be accepted. Further increases will have to be discontinued for economic reasons, and a drop in real wages of up to 2 percent is desirable.

On top of this tight framework, the Danish Employers' Federation has requested its suborganizations to discontinue all automatic adjustments of wages, to drop guaranteed wages, to desist from granting any general wage increases and changing the movable wage system.

The Trade Union Federation has said that a solidary wage policy must be pursued, mostly toward workers with low wages. Real wages must be secured, and the cost-of-living adjustments must be maintained. The Wage Earners' Supplementary Pension Scheme will have to be brought up to date and the holiday payments will have to be improved. But the chairman of the Danish Trade Union Confederation, Ths. Nielsen, has stated that there is not much to be shared this time.

Against that background, the Employers of Danish Ironworkers and the Central Organization of Metalworkers will meet. It is expected that the parties tomorrow will be exchanging subjects to be negotiated, while the concrete demands will have to be presented by 10 December, at the latest. After this, the sctual negotiations are scheduled to commence.

And the concrete demands may cause quite big difficulties. Even if the negotiations might still be on the level of determining subjects to be negotiated, two of the central organization's low-pay organizations have put their demands in figures, viz. the Semi-skilled Workers Federation and the Women Workers Federation. The Semi-skilled Workers Federation demands a 38-hour working week, guaranteed hourly wages up to 42 kroner, bringing up to date other wage rates twice annually and improved cost-of-living adjustments.

The Women Workers Federation wants 35 hours a week, guaranteed hourly wages of 45 kroner per hour and, for example, paid leave in case of children's illnesses.

The third large federation of the cartel, the Metal Workers Federation, wants, first and foremost, to get 3,000 unemployed members employed. To this come demands for shorter working hours, guaranteed real wages and increases for workers on low wages, as well as demands for representatives at places of work and improved working conditions, which do not represent large expenditures.

Both the Semiskilled Workers Federation and the Women Workers Federation keep a watch on the metal workers because they primarily obtain wage increases in between the collective bargaining via the movable wage system. In its latest issue, the membership paper METAL has described demands such as those which have, subsequently, been made by the Semiskilled Workers Federation and the Women Workers Federation as "completely senseless in the present situation."

The decentralized negotiations have been called in question because the Danish Employers Association has insisted on its right of veto in respect of results which will ruin the picture desired. The Trade Union Confederation has got no direct powers in relation to the unions but efforts at coordination have been started.

The deadline for the local negotiations is 6 January, at which point the Danish Employers Association and the Danish Trade Union Confederation will enter into the picture with negotiations and conciliation board. According to the schedule, the 5 February will be the deadline for the negotiations of the chief organizations, and after that date strike notices, intervention by conciliators, strikes and lock-outs can be expected.

The government intervened in the last three collective bargainings, but has this time refrained from intervening. A major strike involving vital sectors will, undoubtedly, result in government intervention. Several trade union federations have, moreover, vowed that they will strike where it will hurt the most in order to shorten the labor struggle as much as possible. The response of the employers to this will probably be a broad lock-out.

COUNTRY SECTION DENMARK

PAPER CRITICIZES GOVERNMENT MEASURES AS INFLATIONARY

Copenhagen BERLINGSKE TIDENDE in Danish 28 Oct 80 p 7

[Editorial]

[Text] In the at times stubborn financial and income policy discussion which has become almost a permanent feature due to Denmark's economic situation there has been a tendency to forget the contribution of monetary policy to economic policy or at least to allow this to slide into the background to some extent. The Economic Affairs Ministry's effort to put the National Bank out of the picture, the housing minister's many proposals especially in the area of real circlic and the industrial minister's attempts to increase the scope of various business subsidy provisions have all contributed to the fact that current monetary policy is seldom discussed in public aside from fleeting reactions to high interest rates.

However there is good reason to point out that for many years monetary policy has been overburdened because, using monetary policy interventions as the main tool, attempts have been made to create the incentives needed for the private borrowing abroad that was urgently required. Along with the rise in the extensive state interest subsidy provisions it was further necessary to tighten up monetary policy to insure private borrowing abroad.

This policy has many harmful effects, especially on private investments and new business initiatives. The harmful effects are reduced to a limited extent by the latest bank rate reductions but monetary policy also affects many other errors.

In this context it seems obvious that the "temporary" ceiling on credit grants for banks and savings institutions, introduced as far back as the fall of 1969, is now a totally unreasonable regulation which has helped to freeze competition among financial institutions and which in reality hurts mainly new and risky initiatives, leading to growth in the inorganized credit market.

As a result of interest agreements, discount policy and the lending ceiling we actually have a monetary policy situation in which for security reasons we are using both suspenders and belts. The situation has the unfortunate consequence of distorting conditions in the total financial system, an effect that has intensified following the otherwise sensible dismantling of the various real credit restrictions.

In recent months the lending ceiling of financial institutions has not been fully utilized as a result of the economic recession. This situation means that it is high time to end this "temporary" lending ceiling. There are already adequate opportunities to regulate monetary policy through the bank rate policy and the National Bank's liquidity limits.

COUNTRY SECTION DENMARK

ANTI-EC MOVEMENT LEADER URGES AGAINST FORMING PARTY

Copenhagen BERLINGSKE TIDENDE in Danish 26 Oct 80 p 9

[Text] In a political statement to the national congress of the Popular Hovement Against EC on Saturday and Sunday in Aalborg Poul Overgaard Nielsen warned against establishing the movement as a political party in Denmark.

"The executive committee of the Popular Movement does not support the transformation of the movement into a political party, no matter how much it cuts across political lines," said Poul Overgaard Nielsen. "Personally I do not doubt that we could put several members into Folketing but I don't know if we could in that way create a majority of EC opponents. Party discipline and control of the mass media are probably still too strong for that."

The organizational report presented by Rene Andersen revealed that to a certain extent EC funds form the economic basis for the Popular Movement Against EC.

Rane Andersen referred to a collection aimed at getting 1 million kroner for the Popular Movement. However only 625,000 kroner were collected.

"Uncertainty regarding the economic means the Popular Movement received and will receive from the EC Parliament influenced the results," Rene Andersen said. "The EC Parliament pays incredibly high wages, maintenance allowances and travel allowances, etc. and all this money or more accurately the large excess funding benefits the Popular Movement."

in a speech the Popular Movement's leading candidate in the election of the EC. Parliament, Else Hammerich, urged Prime Minister Anker Jorgensen to conduct what she called a realistic study of Denmark's chances after a withdrawal from EC.

The task force should include capable people from agriculture, industry and the labor movement, she said. They should investigate not if but how Denmark can manage without full membership with a sensible trade agreement such as both Norway and Sweden have. This is a request to the prime minister from a large movement, she added.

6578

CSO: 110h

COUNTRY SECTION DEMARK

CIVIL DEFENSE CHIEF PESSIMISTIC ON AGENCY'S CAPABILITY

Copenhagen BERLINGSKE TIDENDE in Danish 24 Oct 80 p 2

[Article by Mogens Auning]

[Text] "The expansion of the Danish civil defense system has ceased."

In these dramatic terms, civil defense chief Erik Schultz yesterday described the situation of the Danish civil defense at a congress at the School of Civil Defense, at Sletten near Elsinore.

Erik Schultz referred to the continued reductions in the grants for civil defense. In the fiscal year 1964/65, the civil defense budget amounted to 7 percent of the budget, today it is only 2 percent. The 253.3 million kroner granted annually to the civil defense system will now have to be reduced further by 20 million kroner.

The purpose of the conference which had been called by the Civil Defense Board, was to discuss thoroughly the two--previously mentioned--memoranda sent to the Ministry of the Interior last week by the Civil Defense Board. Minister of the Interior Henning Rassussen, former minister of the interior Knud Enggaard and a large number of representatives of the political parties of the Folketing were present at the conference.

The chairman of the Civil Defense League, Elker-Hansen, chief administrative county officer, pointed out that the purpose of a civil defense was to protect the population against the consequences of war.

"What is the use of winning a war, if there is no surviving population," he said.

"The population has confidence in our having civil protection. That confidence must not be disappointed," he said.

"As long as there is a threat of war, there is also a need for civil defensealso to meet future disasters. How much money one then wants to spend on it will depend on a political decision," Elkar-Hansen said. Minister of the Interior Henning Rassussen said that it appeared from the memoranda of the Civil Defense Board that a reasonable standard had been reached.

Increased grants would be difficult to obtain in the present tight economic situation.

"Even if the civil defense budget were increased to 10 or 15 percent of the state budget, it still would not be possible to provide 100 percent of the population with security," the minister of the interior said.

Civil Defense Chief Erik Schults pointed out that this country today has got no plans for protecting the population against nuclear attacks or chemical warfare. A state of affairs which we are not the only country in the West to have. Sweden and Norway are the only countries which have the beginnings of war gas preparedness.

But, in many other areas, this country has gone far in building up its civil defense.

We have got effective materiel, which functions perfectly, and the staff is well trained. As far as the Civil Defense Corpe is concerned, we have reached 100 percent of the strength targets.

The Civil Defense has at its disposal shelters which will accommodate more than 2.8 million people, it has got twice the pump capacity of all the country's fire stations together and the Falck salvage corps, as well as fire hoses which will reach from Copenhagen to Madrid.

But with regard to gas preparedness, defense against nuclear weapons, the warning service and hospital preparedness, additional planning and additional strength targets are needed, Civil Defense Chief Erik Schultz said.

COUNTRY SECTION DENMARK

INDUSTRY FINANCE INSTITUTE REPORTS ON INVESTMENT TRENDS

Copenhagen BERLINGSKE TIDENDE in Danish 28 Oct 80 p 7

[Article by Frank Dahlgaard]

[Text] In order to survive Danish industry is investing to a rising extent in labor-saving equipment whereas in the past investments were made to expand production and create new jobs.

So said the director of the Finance Institute for Industry and Trade, Erik Mollerup, in connection with the release of the institute's new October 1980 analysis of accounts.

"In recent years industrial investment spending has gone to an increasing extent for production rationalization and greater efficiency and less has been used on investments to expand production capacity which leads to the creation of new jobs. To an increasing extent they are talking about 'survival investments' instead of 'growth investments."

Director Erik Mollerup called industrial earnings in 1979 inadequate and estimated that firm surpluses would be even lower this year.

The Finance Institute's accounts analysis for 1979 shows that the 684 firms covered had a yield of 15.8 percent on net capital compared with 15.2 percent the year before. But this 15.8 percent yield to firm owners must be viewed against the average yield on bonds in 1979 of 17-18 percent.

Director Erik Mollerup said: "By investing savings passively and safely in bonds in 1979 one clearly reaped greater earnings than if one took greater risks and invested the money actively in industrial production. In addition there are tax benefits connected with passive investment of funds. Therefore it is no surprise that eagerness to invest in Danish industry is considerably lower than the demands of the nation's employment and payments balance situation."

While industrial profits in 1979 declined in relation to 1978 according to the Danish Bureau of Statistics the Finance Institute's analysis shows a modest increase. Director Mollerup explained this by saying that the Finance Institute's analyses cover selected firms with barely 20 percent of total industrial

sales. These firms, all of which have loans from the Finance Institute, are generally younger, more export-oriented and quite expansive businesses and in recent years they have made relatively large new investments with the help of borrowed money. Since the situation in 1979 was especially favorable for the Danish export market it was possible for export-oriented firms in particular to make bigger profits.

Director Mollerup said: "The trend toward better showings for export firms will undoubtedly be reinforced in 1980 but in general I would estimate that 1980 earnings will be lower than those in 1979."

The Finance Institute's analysis shows that industry is lying uncomfortably close to its "zero sales point." A sales decline of only 12 or 13 percent would lead to firms operating at a direct loss. At the same time the analysis shows that self-financing by firms is declining despite the high interest rate on loans. This is not because owners are drawing capital out of their firms, the analysis shows. Only 18 percent of the profits in 1979 were paid out to stockholders.

COUNTRY SECTION DENMARK

BRIEFS

PRIVATE CONSUMPTION DROPS -- The private consumption, which, during the most recent 5-year period rose by a little more than 11 percent in real prices, is expected, by the mid-eighties, to have dropped to the same level as at the first oil crisis in 1973/74. Already this year, the consumption is estimated to be at the same level as the consumption in 1976, the Commercial Bank states in an economic survey. The long-term aconomic policy action program of the government will cause a continued drop in the private consumption during the coming years. Since the first oil crisis, the consumption has been affected by twelve economic policy agreements. After the drop in 1974, the private consumption rose, in the course of 1975 and 1976, by a total of 13 percent, the increase being, to some extent, due to finance policy reliefs, including tax reductions. The subsequent measures have caused the consumption to stagnate or to drop. The limited possibilities of consumption have forced the population to change the pattern of the family's expenditure. The trend of the private consumption in the 5-year period, 1976-1979, clearly shows that the population gives high priority to the home. Also foreign travel expenditure shows a mark I increase, while sales of liquor and tobacco, clothing, furniture and fittings as well as medications and medical expenditures have been particularly hit by the cut in the family's expenditure. According to the most recent consumption expectation survey of the Official Statistics of Denmark, the majority of the population considers it sensible to save in the present economic situation, which the economists of the Commercial Bank interpret as a "need for security." an far an the immediate as well as the somewhat more distant future is concerned. In general, the population has negative and uncertain expertations with regard to the country's as well as the individual family's future economic situation. [Text] [Copenhagen BERLINGSKE FIDENDE in Danish 6 Oct 80 p 10] 7262

PARTY CHANGES TO PRO-NATO -- In the present situation, i.e. in connection with the political negotiations at Christiansborg concerning the new defense program, the Single-Tax Party is reconciling itself to the fact that Denmark is a member of NATO. The position of the party is remarkable, considering that the Single-Tax Party traditionally is marked by strong pacifism. In a security and defense policy statement adopted at the national congress of the party yesterday by 77 votes to 41, with 27 abstaining from voting, it was recognized that the unilateral creation of a military gap does not serve the cause of relaxation and disarmament. Until the United Nations has become able to arrange Denmark's accurity, the security and defense policy of the country will have to be based on different premises. The Single-Tax Party, therefore, will not, for the time being, be working for Denmark's withdrawal from NATO. The Single-Tax Party will like to participate in the negotiations regarding a new defense plan on the basis of an index-regulated budget, but only provided steps are taken to introduce recruitment on a voluntary lasis within the Danish national defense. [Text] [Copenhagen RERLINGSKE TIDENDE in Danish 6 Oct 80 p 7] 7262

MILITARY RETIREMENT AGE AIRED -- The present system which forces large groups of defense officers to retire when they are 52 could be changed by extending active service until they reach 60, said a steering group charged with studying a new personnel and training structure for the armed forces. The group, set up in 1973, has as its chairman department chief Commander K. G. Konradsen and after extensive investigation it has turned over its material to Defense Minister Poul Sogard. Many topics are dealt with but one will stir broad public interest. A section on officers' active service period says: "Due to the physical demands on officers in certain positions it is proposed that all officers be used in the most demanding physical posts in the operative and technical areas during their younger years while preparations are made for the transition to the administrative sector through supplemental training." a gradual raising of the retirement age of officers from 52 (or 55) to 60, annual state wage and pension expenses would eventually be 12 million kroner less than the corresponding expense with the present age limits. The 52-year limit involves majors and naval commanders. The changes recommended by the steering group would call for changes in to law but the material sent to the defense minister included drafts for the necessary legislative changes. Text [Copenhagen AKTUELT in Danish 28 Oct 80 p 17] 6578

ALBRECHT ON CDU/CSU AFTER ELECTION DEFEAT

Hamburg DER SPIEGEL in German 27 Oct 80 pp 23-26

[Interview with Lower Saxon Minister-President Ernst Albrecht by Klaus Wirtgen and Dirk Koch of DER SPIEGEL at the Lower Saxon Land Office in Bonn about the CDU/CSU Following Its Election Defeat: "'Now Helmut Kohl Will Have his Chance'"]

[Text] SPIEGEL: Would you please explain to us right off, Mr Minister-President whether you still consider yourself to be one of those CDU/CSU politicians from among whom the next CDU/CSU candidate for chancellor will be picked for 1984?

Albrecht: I find that question comparatively uninteresting. We are all agreed that we do not want to have a candidate for chancellor for 4 years but that we should reach a decision in time for the next Bundestag election.

SPIEGEL: At the last CSU congress you caused unrest when you opposed the past procedure of selecting a candidate for chancellor, in which you were beaten by Franz Josef Strauss. How should the next candidate be elected?

Albrecht: You see, we have never had a fixed procedure determined in agreement between the CDU and CSU, and this is something which has proved a disadvantage on several occasions in the past. It is not easy, as it is, to reach personnel decisions in the CDU/CSU, and it is therefore all the more important for the difficulty in reaching personnel decisions not to be increased further by not jointly agreeing on rules of procedure beforehand. Now that the election is over, I think the time is right for us to take up this question again at leisure, without undue haste...

SPIEGEL: ... In which body?

Albrecht: Well, for a start it must be a subject for the CDU and CSU party presidiums. I think that in due course above all the two party chairmen will discuss it. I believe it is highly desirable to agree on a joint procedure in time so as to prevent the matter from being burdened by speculation about possible candidates.

SPIEGEL: And when ought this to be done?

Albrecht: Well, let us say a couple of years hence.

SPIEGEL: And ought it to be a democratic process of selection?

Albrecht: Certainly; how could it be otherwise?

SPIEGEL: So far there has been no democratic procedure because the CSU is afraid of being subjected to a majority of its CDU big sister.

Albrecht: Yes, but in the meantime we have had a couple of notable precedents. One was the vote by the Bundestag deputies when Franz Josef Strauss and I were up for discussion. In the Bundestag too the CSU is represented in accordance with its electoral share, and, like us, it accepted the fact that the decision should be made by a majority of the Bundestag deputies. The other precedent is the joint CDU-CSU assembly in Mannheim, in which the representation of delegates was also determined in accordance with the relative strength of the two parties.

The only unsatisfactory thing about the procedure we applied in selecting the candidate for chancellor in a session of the Bundestag deputies is the fact the parties, whose business it actually is to nominate the leading candidate, did not participate. I should think that everyone would agree with me if I said that both the party and the Bundestag deputies should be represented in an appropriate manner in this joint body.

SPIEGEL: You were the candidate for chancellor of the CDU Federal Executive until the Bundestag deputies gave the nod to Strauss over you. In retrospect do you think you would have achieved a better election result? Or how else could one explain your remark that you were "least involved in this election result"?

Albrecht: That remark opposes the attempt being made, of course, by the political adversary in Lower Saxony now also to evaluate the poor showing of the CDU in Lower Saxony as an electoral decision about the CDU Land government. This is absurd. We know our voters may vote very differently depending on whether they vote in municipal elections, Landtag elections or Bundestag elections.

SPIEGEL: In Lower Saxony, they voted in a strikingly different way at the 5 October Bundestag election compared with the Landtag election.

Albrecht: Exactly. But that was not much different in 1976 and 1972. In the past 10 years we have always achieved far better results in Landtag elections than in Bundestag elections.

SPIEGEL: In the last Landtag election perhaps because Minister-President Albrecht involved himself to a greater extent there than at the Bundestag election?

Albrecht: No, that is not so. I involved myself exactly as much in the Bundestag election as in the Landtag election. Only, it just was not a decision about Land politics and Land politicians...

SPIEGEL: ...but a decision about Strauss, whom you did not give a chance from the beginning. Once more: Would the CDU/CSU have fared better with Albrecht as the candidate?

Albrecht: You know, that is water under the bridge, and I have no use for assigning momentum or responsibility, let alone blame, following an election. Immediately after the election result became known, I said: We fought together, we lost together, we are together responsible for the result. And I am sticking to this.

SPIEGEL: Only, there is criticism of you in the CDU and also the CSU for having done the mere minimum during the election campaign.

Albrecht: There is no criticism among leading CDU and CSU politicians. There is not a single case of our having criticized one another. I kept almost 70 election campaign dates. The members of the Lower Saxon Land government kept close to 500 election campaign dates -- an enormous load.

SPIEGEL: Mr Albrecht, now that Strauss has failed, are you still the man who can automatically step forward as the leading man for 1984? Or has the balance of strength in the CDU/CSU now shifted in favor of Helmut Kohl or also in favor of Kiel Minister-President Gerhard Stoltenberg, who did not hold back in the election campaign?

Albrecht: I think this is idle speculation. At the moment no one can say which of us will have the best chance to lead the CDU/CSU to victory in 1984. We are all agreed -- particularly Helmut Kohl, Gerhard Stoltenberg and I -- that we should all pull together and then, in all friendship...

SPIEGEL: ...attack one another ...

Albrecht: ...no, reach a decision in the CDU/CSU as to which of us or other leading politicians of the CDU/CSU has the best chance to achieve victory for the CDU/CSU. A great deal will happen until then.

SPIECEL: And what can each, each of the three, do until then in order to show his qualifications?

Albrecht: He can do his duty, perform his work well...

SPIEGEL: ...and win elections.

Albrecht: Of course. What the CDU/CSU will need in 1984 is a leading candidate who has made the people aware of the fact that 1) he is capable of carrying the great burden of government responsibility at the federal level and 2) he enjoys the support among the people needed to win additional votes over and above party preference.

SPIEGEL: When and where did you, Kohl and Stoltenberg conclude this armistice?

Albrecht: We spoke quite openly with one another. There were several conversations. Let me say so openly, because it is of course comparatively unusual; among politicians, it is invariably also a question of power, with natural rivalries. So when leading politicians manage to work together smoothly, it does show character. I at least am happy about it.

SPIEGEL: If indeed it is true.

Albrecht: At times, as we have seen repeatedly, competing politicians have done their bit to make their colleagues stumble. This will not be the case with us. We will help each other. We hold certain party offices. We have a chairman of the Bundestag deputies, a party chairman, deputy party chairmen -- all offices which have to be discharged effectively in the next few years. But the question as to who will be candidate for chancellor will not come up until later. It would be a mistake to make a decision too soon.

SPIEGEL: If you really do not want to say that you are the ideal candidate for chancellor for 1984, do you at least count yourself among the potential candidates?

Albrecht: I cannot exclude myself.

SPIEGEL: In 1979, Kohl proposed you as the candidate because he wanted to stop Strauss and because he himself, having lost the 1976 election, was not permitted any ambitions in that direction. Meanwhile Kohl has become the undisputed number 1 in the CDU/CSU. As chairman of the Bundestag deputies and party leader he could run for candidate for chancellor. When will the Albrecht-Kohl duel occur?

Albrecht: There need not be an Albrecht-Kohl duel. To become candidate for chancellor cannot be an aim per se, at least not in my case. It is a question of our politics. It is a question of increasing the chance of the CDU/CSU at last again taking over the administration of the country.

I did not go into politics because I considered it a career but because I wanted to see certain ideas about our society become reality. If these ideas can best be realized in the person of Helmut Kohl, he will have my full support.

SPIEGEL: One could infer from this that you are not aiming yourself all that much any more at becoming candidate for chancellor?

Albrecht: No more and no less than before.

SPIEGEL: So you are aiming at it. On what battalions are you relying in your CDU/CSU?

Albrecht: I am not looking for any kind of battalions. I try to place all my strength at the disposal of the CDU/CSU. If one tries to do his work as well as possible, this is also acknowledged in the party.

".ECEL: Are you doing your work in accordance with a strategy aiming at an absolute majority in 1984?

Albrecht: Any sound strategy of a people's party as large as the CDU/CSU must be designed for also being able to achieve an absolute majority, but need not be designed for it exclusively. It is not difficult for me (as in fact I did in Lower Saxony) to combine the aim of becoming as strong as possible with a policy stressing the party's ability to form a coalition.

SPIEGEL: With the FDP.

Albrecht: Yes. But I would warn against purely tactical considerations. What is at stake is the best policy for the citizens of our country. There is no question but that there are political areas in which we can get even better.

SPIEGEL: In Ostpolitik?

Albrecht: There too. We must place greater stress on the positive aspects of our Ostpolitik concept. We let ourselves be pushed into a corner, in which we were forced primarily to say no. In the future we will have take action rich in initiative and suggestion, without however changing anything about the basic CDU/CSU stands.

SPIEGEL: How do you intend to take a credible turn in Ostpolitik without changing your party's basic stands?

Albrecht: What I mean is to stick immutably to the aim of German unity, not to be prepared to abandon positions in international law which we managed to salvage after the end of the war -- the four-power responsibility for all of Germany, the decisions of the Federal Constitutional Court concerning Germany...

SPIEGEL: You want to adhere to the 1937 boundaries?

Atbrecht: To the legal concept of one Germany within the 1937 boundaries and the reservation that final provisions about boundaries can be made only by a reunified Germany. That is what want to adhere to. There is no doubt at all about that.

SPIEGEL: But then there will be an argument again right away with the Poles about the Oder-Neisse [Odra-Nysa] border.

Albrecht: Of course, there will be an argument. My experience, however, indicates that the Poles will have no trouble understanding why a divided country adopts such an attitude if they notice at the same time that the Federal Republic of Germany is fully determined to establish ever-improving relations with Poland and later, given the ability to negotiate on the part of a reunified Germany, to negotiate with Poland in such a way as to meet Polish and German interests, including the fact that there — in the provinces of East Prussia, Pomerania and Silesia — millions of Poles have found a home.

Precisely from our basic stand that the right to a homeland is a vital basic right of everyone, it follows that what we claim for our people must also be allowed to prevail as far as the Poles are concerned.

SPIEGEL: Your outline does not constitute a revision of the past stand of the CDU/CSU.

Albrecht: We must use the opportunities for a positive policy. I believe, for example, that the CDU/CSU would be ill advised to say no whenever the question of economic add for Poland comes up.

that whenever we can speak with a clear conscience of assistance which actually benefits the Polish people and is also desired by them we should render such assistance. The other thing is this (and there has been a certain omission there): In the past few years we simply have fostered too little contact with Eastern nations.

SPIEGE: Even this modest beginning of a new Ostpolitik of the CDU/CSU presupposes some self-criticism. Just recall the CDU/CSU no to the result of the CSCE Conference in Helsinki.

Albrecht: True, there were reasons for dissatisfaction. We would have like to see a great deal more, including greater clarity in some points. Nevertheless I consider it a mistake to have voted against it.

SPIEGEL: Are there other mistakes?

Albrecht: The fact that -- at least seamingly -- we let ourselver be pushed into the position of a predominantly negative party.

SPIEGEL: Surely you let yourselves be pushed by your own negativists.

Albrecht: I will say quite generally that we let ourselves be pushed. We must not shy away from conducting needed controversial debates. A party which has suffered such a defeat must conduct controversial debates. The more honestly it does so and the greater its commitment is in doing so, the greater are its chances of further improving its political position.

SPIEGEL: But the past CDU/CSU opposition to the SPD-FDP Ostpolitik has been supported by a broad majority of your party and its followers. How can one force a turnabout from above?

Albrecht: The criticism of the policy of the SPD and FDP, particularly of the SPD, of course continues as before.

SPIEGEL: There is something wrong here: the Ostpolitik was right, but the Ostpolitik of the SPD and FDP was wrong. It does not fit, does it?

Albrecht: Of course it does, for we do not want to conduct the kind of policy the SPD engages in.

SPIEGEL: But the kind of policy the FDP advocates?

Albrecht: For an important reason, we are much closer in to the FDP policy. The rouson is that Genscher does not entertain illusions to knows full well that negotiations with the East must be conducted prudently, that one must see to it that actions we take correspond to unequivocally formulated reciprocal actions. Genscher knows that friendly Soviet statements are not security guarantee for Germany but that there is need for a military counterwright.

SPIEGEL: Schmidt known that too.

Albrecht: I prefer to leave Federal Chancellor Schmidt out of it because I do not know what his attitude will be now in light of the different trends in his own party. As far as possible, we want to go along with the Polish policy of the federal government in a constructively critical manner. It is important at the moment that the Federal Republic of Germany does all it can to help Poland to attain as much freedom in its relations with the Soviet Union, and as far as domestic liberalization is concerned, as is possible without serious external reaction. By acting discreetly and tactfully, the Federal Republic can play a role in this. And the CDU/CSU should be prepared to play its part.

SPIECEL: How?

Albrecht: Giving economic aid when such aid serves this effort, including financial aid, general political support...

SPIEGEL: ... To whom? To the government or the free trade unions?

Albrecht: In a communist country one can in many cases go only through the government. There is no other way there. However, if the free trade unions come to us asking for assistance, we must of course render it. We would do so gladly, but only the Polish unions themselves can judge whether that is opportune from the point of view of the efforts of the Polish unions.

SPIEGEL: Will the CDU/CSU also come closer to the government policy as far as Germany policy is concerned?

Albrecht: As regards Germany policy, there is a fixed point which is utterly immutable: consistent adherence to the aim of reunification. There is another fixed point: we too desire, without abandoning positions of principle, to do everything possible leading to a greater exchange and more encounters. The big mistake of the government was (a third fixed point) to have taken irrevocable actions on the occasion of the recognition of the GDR as a state whereas the GDR claims that it can cancel at any time whatever was done in the field of human relief.

The Federal Republic must now find ways and means to plan new actions of its own, such as economic or financial concessions, in such a way as to prevent their continuing to be rendered automatically if the other side shifts into reverse.

SPIEGEL: This policy which you are now criticizing was established and supported with the participation of the Free Democrats.

Albrecht: Frankly, one can notice no beginnings in Germany policy at present which would lead to a rapprochement between the CDU, SPD and FDP positions.

SPIEGEL: In other words, apart from some new labeling, nothing much will change in the new Ostpolitik course of the CDU/CSU?

Albrecht: I think you are being a little too quick there, and experience might show that there will be a certain amount of movement. Of course such a debate must be approached with caution.

SPIECEL: In what other fields do you see possibilities of bridges being built to the Liberals?

Albrecht: In the field of economic policy there are no basic differences between the CDU/CSU and the FDP. About the same is true of the large area of social policy, where I see no sizable difficulties.

There are some delicate points for discussion between the CDU/CSU and the FDP in the field of family policy, and there are differences in the field of legal policy, particularly between the line Federal Minister of the Interior Baum will advocate and the line the CDU/CSU will advocate. In all, these differences are, however, no greater than the differences between the FDP and the SPD, which require compromises. In our Land policy we had no great trouble agreeing with the FDP on a sound political program.

SPIEGEL: In other words, you are staking everything on an alliance with the FDP?

Albrecht: No, what I think is important is that we really get a handle on things in 1984, alone or with the FDP.

SPIEGEL: And with whom as candidate for chancellor?

Albrecht: Should I reach the conclusion that the possibility is greatest with Helmut Kohl, I will support him. A lot can happen in a couple of years. Everyone should have his chance and be able to use it fully.

SPIEGEL: Aren't you bothered by Kohl's headstart? Would you prefer a severation of the offices of party chairman and chairman of the Bundestag deputies?

Albrecht: In principle, I favor a separation, but it is always also a personnel question. A separation of offices presupposes that those holding the offices understand each other well. As far as the actual situation is concerned, I advocate that the chairman of the Bundestag deputies Helmut Kohl be elected party chariman for another 2 years at our national party congress in 1981.

SPIEGEL: In that case Kohl's reelection as party chairman in 1983 will have been programed in advance, and it will be a foregone conclusion who is going to be candidate for chancellor.

Albrecht: It cannot be a foregone conclusion; we are all agreed on that. I repeat: I welcome that fact that Helmut Kohl will have the chance in the next few years to come up with convincing performances for the CDU/CSU in those two offices.

SPIECEL: Would you yourself be interested in leading the party?

Albrecht: Not at the moment.

SPIEGEL: Thank you for this interview, Mr Albrecht.

6790

BANKER SEES CONTINUED HIGH INTEREST RATES

Duesseldorf WIRTSCHAFTSWOCHE in German 10 Oct 80 pp 30, 33

[Interview with Walter Hesselbach, chairman of the board of the Holding Company for Social Economy, Inc. in Frankfurt, by an unnamed WIRTSCHAFTSWOCHE correspondent: "'We Hust Live With High Interest Rates'"]

[Text] The arbitrary central bank policy of the United States time and again restricts the margin for action of the German Bundesbank. In a conversation with the WIRTSCHAFTSWOCHE, Walter Hesselbach, chairman of the board of the Holding Company for Social Economy, Inc. in Frankfurt, does not yet see a turning point in the interest rate policy.

[Question] Mr Hesselbach, Paul A. Volcker, the head of the central bank of the United States, is trying to get a grip on the inflationary money supply through increasing interest rates. For the sake of the DM statiliby, Poehl has to follow suit with German interest rates. Do you envision a way out for him in order not to endanger the economy and the stability of the DM through external influences?

Hesselbach: None at the moment. Analogous with the differences in inflation-to-day 7 percent-he must keep interest rates high. I don't see any possibility of doing it any other way.

[Question] Are you satisfied with the instruments used by the Bundesbank?

Hesselbach: They could be used in a more precise and more differentiated manner.

[Question] Where?

Hesselbach: For the swap credits, which due to their short time limit change the liquidity of the banks too abruptly.

[Question] And for the interest rates?

Hesselbach: In the short-term area they should have no trend-oriented function, but should have one in the long-term sector.

[Question] Will Volcker be at all able to control the increase in the volume of money by means of interest policy?

Hesselbach: That is an academic question. Whether effective or not, we must live with high interest rates for a long time. I see no chance of changing that.

(Question) Do Poehl and Volcker have to raise interest rates even further?

Hesselbach: Yes, I see no turning point yet.

[Question] Do you believe that the prime rate, the commercial bank interest rate which is manipulated by the U.S. central bank, could rise to more than 15 percent from the present 14 percent?

Resselbach: Yes.

[Question] Would this mean that the 10-percent rate would reappear on the German capital market?

Hesselbach: No, not necessarily. In Poehl's place I would have the courage to lower interest rates as well, without us getting into trouble.

[Question] Without problems?

Hesselbach: No, since the DM is increasingly becoming a reserve currency for other central banks, I naturally envision latent supply pressure on the DM from that direction as well. In this respect there are some limits to the interest policy.

[Question] But since the role of the DM as a reserve currency is to be strengthened over the next 5 years, there ought to be demand rather than supply for the DM internationally?

Hesselbach: There is absolutely no question that this demand will lead to a strengthening of the DM, to begin with. But then expectations for devaluation pressure will, if anything, become stronger.

[Question] Do we have any chance of reducing the deficit in the balance of payments with foreign countries, according to the mandate of the Stability Law?

Hesselbach: We are at present living beyond our means. We cannot afford the large deficity.

[Question] Do we possess a reserve of strength for maintaining stability, because the DM this year has not yet gained on the foreign exchange market?

Hesselbach: The question sounds logical.

[Question] Do we have a lead in stability today?

Hesselbach: I don't know what we should expect from that in terms of figures.

[Question] What argues in favor of DM stability and therefore at the same time of lower German inflation in comparison with other nations?

Hesselbach: The need for other countries to catch up in the technological sector.

[Question] Can this need outweigh the German balance of payments deficit?

Hesselbach: I do not consider that entirely certain, for our exports have not declined, but imports have increased by the amount of the foreign inflation.

[Question] Is the interest rate a regulating device with which to compensate for the red figures in foreign countries with the import of capital?

Hesselbach: This is quite true. But I believe Poshl could not do the German banks a favor with that; for it he raises the discount rate the banks would be in deep trouble. If he lowers it, the banks would have to bring the loan interest rate down, which squeezes their already narrow interest margin even further.

[Question] Should the Federal Bank policy conform even more to foreign economic conditions, or should it in the future again be directed more toward the domestic situation?

Hesselbach: In a deep economic recession the Federal Bank will not be able to avoid aiming more toward the domestic economy, for example in order to prevent increased unemployment.

[Question] Would the Federal Bank then take less seriously the balance of payments deficit and the attentiveness devoted to the foreign value of the DM?

Hesselbach: If you put it like that, yes. Priorities must be set. The most important thing is to curb unemployment.

[Question] Would the foreign currency reserves of the Federal Bank then have to suffer for the financing of the balance of payments deficit and for the nursing of the DM abroad?

Hesselbach: Yes, absorption of the foreign currency reserves would then have to be tolerated. Thank God that this situation has not yet arisen.

11949 C50: 3103

COUNTRY SECTION

RISING IMPORTS INCREASE BALANCE OF PAYMENTS DEFICIT

Hamburg DIE ZEIT in German 3 Oct 80 p 33

[Article by Michael Jungblut: "A Hole in the Cash Box/ The Trade Balance Deficit/ German Exports No Longer Sufficient To Pay for Imports]

[Text] The warning light is flickering: For the first time in 15 years the FRG's exports of machines, vehicles or chemicals are no longer sufficient to pay for the import of raw materials, semi-finished and finished goods. August saw the expenditure for foreign products of DM 100 million more than the sum earned beyond the borders from the sale of goods "made in Germany." It is true that the results from only a single month are at issue here, and if import and export transactions are compared for the first 8 months of this year, the German economy has still achieved a surplus of DM 4.5 billion in its goods exchange with the rest of the world. But in comparison to the same period last year, even this surplus has turned out to be rather meager. The surplus at that time was nearly 4 times as large, or DM 16.5 billion. This development is alarming for two reasons:

First of all, the FRG needs large surpluses in its products trade to balance its deficits in other sectors. Even in 1979 it was unable to achieve this. After a surplus of DM 17.5 billion was reached in the payments balance (which combines the results of the trade balance and the services balance) in 1978, last year saw an abrupt drop to a deficit. When at year's end domestic and foreign results were balanced against one another, the statisticians were forced to acknowledge that FRG citizens had spent in foreign countries DM 10.5 billion more than they had earned there. In view of the shrinking trade surpluses, each month brings a more pessimistic estimate as to the amount of this year's deficit. Meanwhile, FRG Federal Bank President Karl Otto Poehl says that the payments balance deficit for 1980 "will come closer to DM 30 billion than DM 25 billion."

The second reason for alarm is that the share of finished products in German imports is increasing steadily. It is not only on the foreign markets that some branches are no longer in the running; even in their own markets German products have largely been excluded from many sectors by cheaper or better foreign goods.

The traditional German export industries are the least culpable parties in this development. German exports have experienced unparalleled advances over the past 30 years. From a modest level of DM 8.4 billion in 1950, they had risen to DM 48 billion by 1960, reached the level of DM 125 billion a decade later and finished the year 1979 with the record result of DM 314.6 billion.

Most Important Customers and Suppliers -- FRG Exports and Imports in the First Half of 1980, in Billions of DH and Their Percentage Share of Total German Exports or Imports Table 1.

3	Cersan Exports to:	In Billions	Share in Z	8	an Imports from:	In Billions	Share in 2
1.	Prance	23,690	13.5	1.	1. Metherlands	19,941	11.6
2.	Netherlands	17,293	8.6	2.	France	18,990	11.0
ë	Italy	15,231	8.6	3.	Italy	13,915	8.1
4	4. Belgium/Luxembourg	14,620	8.3	4	United States	13,358	7.8
'n	Great Britain	12,027	6.8	s,	Selgium/Luxembourg	13,109	7.6
9	United States	11,258	4.9	•	Great Britain	11,016	6.4
7.	Switzerland	9.952	5.6	7.	Switzerland	6,123	3.6
œ	Austria	9,380	5.3	œ	Austria	7.824	2.8
9.	Sweden	5,123	2.9	6	Japan	4,664	2.7
10.	Sowiet Union	3,748	2.1	10.	Libys	4,126	2.4

France is the most important purchaser of German products. Holland leads the list of suppliers. Japanese imports, which have been in the spotlight for months, account for only 2.7 percent of German imports in the first half of 1980.

in recent years the FRG has been battling the United States for first place in the world ranking of exporters. If only industrial goods are counted, German industry even had a clear lead between 1960 and 1979. At the beginning of that period, the United States was still far ahead in total Western exports of industrial goods, with a 22-percent share; the FRG was in second place with 17 percent. By the end of the 1970's, German exporters had taken over a 19-percent share of the market, dropping the Americans back to second place with only 15 percent. The Japanese, who 20 years ago had accounted for only 6 percent of industrial goods exports, have meanwhile moved up to third place with 12 percent.

In the first 8 months of this year as well, the leading German export industries have been successful. With exports valued at nearly DM 230 billion, the corresponding result for last year has been exceeded by 13 percent. The manufacturers of goods for basic industry and capital goods have particular reason to be satisfied with their export trade. Their exports in the first 6 months were nearly 30 percent greater than for the same period last year. Nor must the representatives of these branches look to the future with apprehension. According to the German Federal Bank's most recent analysis, "particularly in the capital goods sector, which constitutes the core of the German export economy, German companies appear to be fully capable of keeping up with the stiff competition on the world markets."

Nevertheless, these results are becoming increasingly insufficient to pay for all the bills owed abroad, for imports are growing faster than exports. The surplus in the exchange of goods with foreign countries — a surplus which in 1974 had reached a record DM 50.8 billion — declined noticeably in the succeeding years and now appears to be heading toward zero. There is no doubt that the most important reason for this is the tremendous rise in the oil bill. With an oil price increase of 84 percent, to DM 435 per ton, the German energy bill rose to a total of DM 37.3 billion in the first 6 months of this year. This meant that more than one-fifth of the foreign exchange earned through the export of goods had to be spent solely to pay for oil and gas.

To be sure, it must be added that outlays for the import of finished products are also rising steadily, because in more and more areas the German manufacturers are no longer able to keep pace with their foreign competitors — either because new technical developments were neglected and/or consumer habits not recognized, or because production costs have become too high in the PRG. The causes here are either insufficient rationalization or wages that are too high. The consequence in both instances: the loss of jobs.

It is the view of the Federal Bank that we can improve our foreign trade balance only if "the German economy's ability to compete is reinforced through continued efforts for greater price stability and through a moderate wage policy -- and not only on the export markets, but also with reference to competition with foreign products on the domestic market."

But it may already be too late in some sectors. For example, 3 out of 4 men's shirts sold in the FRG already come from abroad; the same is true for 7 out of 10 pairs of shoes. The situation is scarcely different with timepieces, cameras or pocket calculators. Foreign manufacturers have captured approximately 60 percent of the market for office machines and electronic data processing equipment.

Measured by overall economic output, the FkG's total imports have risen from 24 percent to 30 percent within only 2 years.

This is not too serious in itself. A greater international division of labor helps everyone who participates, because it makes for better-quality products for the consumer at favorable prices. The danger comes only when a one-way street develops in more and more sectors because entire branches either neglect progress or place artificial obstacles in its path, or because income demands are forced up improperly. The fate of British industry is a cautionary example. Between 1960 and 1979, its share of all Western exports of industrial goods dropped from 15 percent to 9 percent, and even at home it was put on the defensive in more and more sectors.

The FRG economy cannot afford this, one of the reasons being that the surpluses in its products trade have to be used in other sectors to plug gaps that are enormous in some cases. The FRG traditionally has a deficit in the services sector — not least because of the billions spent by German tourists abroad. Money sent home by guest workers and the large net payments by the FRG to international organizations add to the transfers.

Adequate export surpluses are consequently a necessity for the FRG, not a luxury. The flickering of the warning light in August must not be ignored. Compared to payments balance deficits on the order of between DM 20 billion and DM 30 billion per year, even monetary reserves of DM 74 billion (net) no longer appear quite so vast.

7458

BANKER ON PROBLEMS OF THREE-COUNTRY COOPERATION WITH USSR

LD031723 Heleinki HUFVUDSTADSBLADET in Swedish 17 Oct 80 p 19

[Unattributed report: "Three-Party Cooperation Increasingly Important"]

[Text] "Trade between Finland and the Soviet Union no longer simply means the traditional import and export of goods. In the last few years large construction and industrial projects have played an increasingly important role in our trade relations. From here it is not a big step to negotiations with a view to extending our cooperation to third nations' markets," Finnish cooperative bank chief director Mika Tiivola said at an international symposium in Budapest on Wednesday [15 October].

"The real breakthrough on three-party cooperation has, however, not yet taken place, since many problems require solution. However, the conditions for this form of trade cooperation between Finland and the Soviet Union are thought to be good because of the different structures of production in these countries," Tiivola said.

"Finnish companies have a very positive attitude to three-party cooperation. Alongside the branches of industry that have already been mentioned, there are a number of others that in our opinion are especially interesting working areas. The list includes the planning of metallurgical units, including the supply of machinery and knowhow, machines and plant for the mining and shipbuilding industries and water supply projects for both industrial and residential centres, for example," Titvola said.

"It is clear that it is easy to run into problems and difficulties in three-party cooperation," Tiivola said. "We are dealing with a complicated arrangement with representatives from three sovereign states. When settling cooperation agreements it must therefore be decided how technical knowhow is to be protected, how it is to be compensated, what shares the cooperating partners will have in the project in question, its timetable and how marketing is to be carried out.

"One of the things we have found is that it is not suitable to strive for cooperation on a fifty-fifty basis. By appointing one of the two parties as main supplier it is possible to achieve a rational division of labor, in which both parties' shares are respected.

"In three-party projects finance and payment questions are troublesome problems to molve. Especially if the Finnish-Soviet supplies are going to a country with which the Soviet Union trades on a clearing basis, currency difficulties can topple the whole project. On this basis is it natural that Finland would prefer to be paid in the form of freely convertible currencies, whereas the Russians prefer payment on a clearing basis," Tiivola stated.

COUNTRY SECTION FINLAND

FALL BUDGET SUPPLEMENT PROVIDES FOR EXTRA AIRCRAFT PURCHASES

LD311549 Helsinki HUFVUDSTADSBLADET in Swedish 16 Oct 80 p 22

[Unattributed report: "2 Million Markkaa for New Aircraft"]

[Excerpt] The Council of State has adopted a decision in principle to include in the fall budget supplement a grant of 2 million markkas to purchase aircraft, equipment, and carry out modifications.

The aircraft will replace the aircraft at present in use for target towing and cartographic photography which are to be withdrawn from service. The additional finance that is required will be arranged for the years 1981-1983, partly through postponing other acquisitions within the air force.

The Council of State also gave the Defense Ministry the authorization to negotiate with the U.S. company Gates Learjet Corporation for the purchase and equipping of aircraft suitable for the purpose. The Defense Ministry can also empower the general staff or the air force central staff to carry out the negotiations.

The uir force central staff has asked for bids from several aircraft manufacturers in a number of countries, but only two companies have submitted bids.

The additional finance for the target-towing aircraft will be achieved by postponing the acquisition of twin-engined communication aircraft [forbindelseplanen]. The government has set aside 15 million markkas in next year's budget for this purpose.

Next year's budget proposal includes a total of 483 million marks for the purchase of new defense equipment. Of this 303.5 million markkas have been earmarked for the purchase of a target-towing aircraft and an aircraft for cartographic work, a training aircraft and also for special equipment for the navy, for vehicles and for ammunition.

The Learjet 35A light aircraft, which the defense forces are planning to buy can be used in many ways and will replace the Ilyushin-28 and partly the DC-3 transport aircraft as well.

The intention has been to find an aircraft that can be converted for different uses as economically as possible, general staff sources said.

COUNTRY SECTION FRANCE

BONNET SPEAKS ON NEO-NAZIS, TERRORISM, DE BROGLIE

Paris LE MONDE in French 24 Oct 80 p 44

[Article by M.B.-R.: "Bonnet Speaks of an Attempt To 'Destabilize' France"]

[Text] In speaking to the National Assembly and then over radio station Europe 1 on Wednesday 22 October, Interior Minister Christian Bonnet discussed the role of the police and recent acts of terrorism. In referring to the [synagogue bombing] on the Rue Copernic and events at the Paris Stock Exchange, he stated that we may perhaps be faced with an attempt to "destabilize" the French state.

"Innocent Victim" in Marseille

Questioned in the National Assembly on 22 October by Guy Hermier, Communist Party member of Parliament from the Bouches du Rhone, about the death on 18 October in Marseille of a teenager of Maghrebian origin killed by a police officer of the CRS [Republican Security Companies (State Mobile Police], Bonnet explained: "I ordered the inspector general of the national police to conduct an expeditious investigation of the incident, thereby showing the importance I attach to this matter. I am awaiting the findings of his report before taking whatever appropriate administrative measures those findings will demand."

Neo-Nazis in the Police

In speaking over Europe 1 on 22 October, Bonnet emphasized that "the dignity of the police has most certainly been assailed. All the unfair accusations heaped on the police force have made it feel its honor has been attacked. For the past 2 weeks, thousands of police officers of all grades have been coming home at night only to be greeted by their children with the query: "Well then, are you a fascist?...'
The fact is that at least part of the general public had believed the accusa ons leveled at the police, accusations made, curiously enough, from within the fixed itself."

Bonnet again explained that the inspector general's investigation had revealed that among the 3,400 names listed in documents seized in extreme rightwing circles, only 21 policemen's names had been found and that "merely two of these were active members of extreme rightwing movements." Bonnet admitted that these two officers were still on the police force but that "their service records are now being very carefully reviewed to determine whether they have violated police ethics."

Bonnet then added: "There are 110,000 police officers in France, and the two active members of movements are products of the FANE [Federation for European National Action].... Two! For the sake of argument, say that there are four of them, or even six. Say that there are even 10 if you want. If you multiply that figure of two by five, that means one police officer out of 10,000. One out of every 10.000!"

Letter From Guy Joly

When questioned about examining magistrate Guy Joly's 16 October letter to LE MONDE in which he criticized the criminal investigation brigade's methods of handling its investigations of neo-Nazis, the interior minister replied: "I have no business involving myself in the relations between justice officials and the criminal investigation department ('bolice judiciaite"). The judge is the one directing the investigation." Bonnet did. however, pay tribute to the criminal investigation brigade's "devotion to duty" and "efficiency."

Terrorism

"There is no terrorism of the right. There is no terrorism of the left. For the police, there are no criminals of the right, there are no criminals of the left.... Consequently it is altogether incorrect to claim that we differentiate between one terrorism and the other."

In referring to the RL Copernic bombing and its "possible Cyrpriot connection," Bonnet explained: "I do not know whether on the basis of current information" (available to the State Security Court), "priority can be given to any one possible connection or clue. Obviously, however, we cannot overlook the possibility of International ramifications...."

The interior minister added: "Attempts have been made to destabilize a certain number of countries.... If in the next few weeks and months there is any recurrence of terrorist acts like the, alas, successful Rue Copernic bombing or the fortunately aborted attempt at the Stock Exchange, we would unquestionably have to consider destabilization.... It is my opinion and I want to believe that such repulsive acts are not being instigated by our fellow countrymen, by Frenchmen."

The De Broglie Case

Bonnet confirmed his "word of honor" statement made on 9 April 1980 to the National Assembly, and added: "Everything I have been able to read or hear since then has completely convinced me that prior to the murder Poniatowski had no knowledge whatever of the threats hanging over De Broglie. And now that the case has been reopened, it does appear that there may be some contradictions between certain depositions, but it will be up to Judge Chevalier...to evaluate them."

The minister explained: "The informer who had furnished some information that might have indicated De Broglie's life was in danger had previously furnished other items of information a few months earlier, information that had appeared to be utterly unfounded. Consequently Ducret had every good reason to say that among the hundreds of items of information he receives every day this particular item was not worth reporting through government channels and to the minister of interior."

Bonnet thus persists in his views. In an effort to excuse Ducret's conduct, the minister bases his argument on the fact that the "information" furnished a few months earlier by police inspector Roux "was utterly unfounded." This information involved counterfeit treasury bonds. Yet inspector Roux has always said he had had some copies of these counterfeit bonds in his hands. But also and above all, this police officer's superiors have always throught highly of the quality of the information he has furnished as an inspector, information which has made numerous arrests possible. What is even more surprising action for a minister of the interior to take is the fact that he vindicates Ducret's failure to have transmitted to high government levels the information about the threats hanging over Jean de Broglie.

While it is true that there is no proof that Poniatowski was aware of the plan to assassinate Jean de Broglie, Poniatowski was informed of that plan after the murder, however, as were also the police authorities. Yet none of them so informed the judicial authorities. And the decision to conduct an additional investigation was definitely prompted by publication of the report on the threats hanging over the member of parliament from the department of Eure.

8041

CSO: 3100

COUNTRY SECTION FRANCE

PCF INTERNAL DISSENT SPREADS: NEW BOOK CRITICIZES MARCHAIS

PCF Expelling Member Journalist

Paris LE MONDE in French 26-27 Oct 80 p 18

[Article by G. P.]

[Text] In a statement issued Friday, 24 October, the Communist Party federal committee in Bouches-du-Rhone made known its decision to "proceed to debarring from the PCF ranks" Mr Jean Kehayan, journalist and writer. To become effective, this debarment must be confirmed by the Party's Central Committee, which is scheduled to meet shortly.* PC leaders base their decision on the forthcoming appearance in the bookstores of Mr Kehayan's book "LE TABOURET DE PIOTR" (Seuil Publishers).

"According to the AFP account," they state, "Jean Kehayan's book levels an 'scrimonious' charge against Georges Marchais and exhorts people not to vote for him in the presidential election. In it, moreover, he portrays Georges Marchais as a USSR candidate. The book cover depicts him 'dressed in Leonid Brezhnev's marshal's uniform, on which are pinned all the Soviet leader's decorations.' An offensive caricature such as this, which is deliberately insulting to our politics, gave rise to very intense resentment and indignation on the part of the Bouches-du-Rhone Communists (...). To stir up opposition to the candidate that our party is backing in the presidential election is completely in line with the endeavors of Giscard d'Estaing and Francois Mitterand to weaken the Communist Party in order to push back the prospect of change. (...) In fact, Jean Kehayan has nothing further in common with the PCF, its policy, the mainstream of its actions or with its union in combat and its democratic life. His statements and his actions are prejudicial to the Communist struggle in the workers' defense, for a new union and for change. Jean Kehayan should be honest enough to admit this. He has not done so."

Mr Kehayan has said that he was "very surprised" by the PC federal authorities' decision, "whereas Georges Marchais had solumnly declared that there would not be any more debarments. For 2 years," he added, "no leader on any level what-soever has asked to see me to request any explanations. This confusion august ill for the dignified tone of the electoral campaign and the hopes for change

^{*}The PCF statutes, revised at the May 1979 Congress, no longer mention a circumstance which could lead to the decision of expulsion. The expulsion of members, like the dissolution of a Party organization, requires the Central Committee's endormement.

for the workers." Mr Kehsyan believes that the reasons which the PC federal committee in Souches-du-Rhone advanced "are not sound ones" and that "it is in fact a matter of personal settlement of accounts."

On the other hand, Mr Kehayan has made it known that he intends to proceed against the Communist daily papers L'HUMANITE and LA MARSELLAISE, "which questioned his honesty" after his participation on 2) September in the TV program, "Les dossiers de l'ecran," focusing on daily life in the Soviet Union, and denied him the right to reply in the public press. In his work "LE TABOURET DE PIOTR," Jean Kuhayan dwells among other things on the presidential election and PC strategy: "The Soviet Union, therefore, will be represented by two candidates (Giscard d'Estaing and the PC candidate) so true is it that we must always have two irons in the fire. Since all efforts to make ourselves heard have been exhausted (...), our final recourse, in order to disclaim a completely misconstrued policy, will be not to vote for a Communist until such times as the PCF enjoys its full, economic and political "independence vis-a-vis the CPSU and has undertaken an in-depth study of the causes of the failure of socialism in the USSR."

Jean Kehayan, 36 years old and for several years editor in chief of the monthly publication LA VIA MUTUALISTE, clashed with his party's leaders 2 years ago following the publication of the book "LA RUE DU PROLETAIRE ROUGE," written in collaboration with his wife. This work, whose circulation has now reached 250,000 copies and which has been translated into 12 languages, constitutes a critical testimony on daily life in the USSR, where Nina and Jean Kehayan worked from 1972 to 1974. The TASS agency termed it a "heinous lie." The PC federation in Bouchesdu-Rhone, for its part, decided in November 1978, (LE MONDE, 21 November) not to offer it for sale at the annual LA MARSELLAISE fair. Nina and Jean Kehayan afterward engaged in some 100 discussions in France and intensified their activities in favor of Soviet dissidents, in particular last 3 April, when they demonstrated with other leftist militants in front of the Aeroflot office in Marseille.

Jean Kehayan is 'ow preparing an international symposium on the situation of workers in the USSR. This is to take place in Marseille on 8 and 9 November with the participation of the principal regime opponents living in exile, such as Leonid Plioutch, Andrei Amalrik, Vladimir Bukovski, Nathalia Gorbanevskaya, etc.

Members Denounce Racism Stance

Paris 1.E MONDE in French 26-27 Oct 80 p 7

[Text] Following the 3 October anti-Semitic attack on Rue Copernic in Paris and after the murder of a young Algerian killed by a CRS [State Mobile Police] member on 18 October in Marseille, 11 Marseille Communists* are criticizing their party's position.

They point out that during the demonstration organized on 4 October to protest the 3 October anti-Semitic attack on Rue Copernic in Paris, the PCF, the CGT [General Confederation of Labor] and the FED [National Education Federation] forced their marchers off the route planned by the MRAP [Movement Against Racism and for Peace] in order to separate them from other demonstrations. These very

^{*}Mr Jean-Jose Mesguen; Mmes Monique Lemee and Monique Cubbels; Messrs Claude Cubbels, Henri Cohen, Gerard Clement; Mrs Renee Clement; Messrs Michel Roux, Jerome Freydier, Michel Barak and Jean Kehayan.

organizations did not call for the demonstration planned after the young Algerian's assausination. The departmental leaders, however, did decide at the last moment to take part in this demonstration.

Up in arms over this attitude, these militants solemnly declare: "A revolutionary party's sole responsible course of action is unity against racism, against fascism."

8870 C801 3100 COUNTRY SECTION FRANCE

ELECTION CAMPAICN 1981: BIOGRAPHY OF PCF'S MARCHAIS

Paris LE POINT in French 6-12 Oct 80 p 76-79

[Article: "Pulitoscope of Georges Marchais"]

|Text | Roots

Bocage Country Folk

Etymologically, Marchais comes from the word "marais" [marsh] but he was born in the Bocage country of Normandy. "I was born at Falaise, 30 kilometers from Caen," he confided in 1974 to Andre Harris and Alain de Sedouy, in their "Voyage a l'interieur du Parti communiste" [Inside the Communist Party]. That takes a bit of nerve since everybody knows that he was born at La Hoguette! If lying is a sin in the communist church, Georges Marchais would certainly deserve having thrown back at him those two verses by his Falaisian pseudo-compatriot, the poet Jean Vauquelin de La Fresnaye:

"Lord, I have not ceased, from early age on, to pile sin upon sin."

But, according to the proverb, a sin admitted is tantamount to half a pardon. The only party leader to stay close to the "Gotha" [almanac] and the jet set, he admitted in his little paragraph in "Who's Who" that he was born on 7 June 1920 at La Hoguette, a village in Calvados which, to be sure, is close to Falaise.

Peasant Women and Working Wives

His mother, Germaine Boscher, was from a rather well-off Norman family. From her he inherited a scythe, rather than a sickle, and a key, rather than a hammer. Shaking the hand of Pope John Paul II at Elysee [Palace], perhaps he saw himself again as the youngster at his first communion, wearing the white arm band as a symbol of virginity. From his father, Rene Marchais, who was a quarry worker for a while, and who died when he was only 10 years old, he received instead the markings of a worker with a touch of anarchism

which was symbolized by a rifle with a bayonet fixed on it, nailed to the wall, to bear witness against "this society which had forced him to kill other men in order to survive."

Apoliticals

"I do not come from a politically active family," he said very plainly. It took an appeal from his brother-in-law, Emile Touaux, the husband of his half-sister Berthe, to discover what labor un'on life in the industrial world was really like in Paris.

Appearance

Nixonian

Physically and sociologically, without cultivating any paradox, there is something of Nixon in Marchais. Physically speaking, the common feature is his hair style and the nose which, in a profile view, looks like a skirum. "Look, daddy," his son Olivier is reported to have said after one day spotting the former president of the United States on television. Regarding sociology, both of them were born plebeians and intruded upon territory usually reserved for patricians. There is a certain discordance which very neatly reflects their attitudes. Georges Marchais' gestures can almost reveal Chirac-style brusqueness, but without the military stiffness which the RPR [Rally for the Republic] leader still retains. His face can be easily forgotten or blend into the crowd, like that of Francois Mitterrand, but his eyes always sparkle like the fire of a steel mill.

Learned

This former metalworker, who loves to keep saying, "I am a worker," lives as a man of his time. Here we see him as a bourgeois, wearing suit and necktie for receptions and debates. Or we see him in a turtleneck sweater for weekends and fun and entertainment. But his ostentation is carefully handled. A tailor in politics always seems to have been consulted to make sure that the fabrics are not too heavy. In a word, Georges Marchais has opted for the ready-to-wear "regular Joe" style.

Way of Life

Calm and at Ease

At the age of 20, he would have made you think of Jean Gabin in "Pepe le Moko." Today, "Jules" has come to the fore and would rather recall the aging heroes of "Vincent, Francois, Paul, and the others." From them he got that moralizing sentimentalism which is neatly summarized in the following confidence: "One does not make love the way one washes one's hands." Divorced from Paulette Noetinger, whom he had married in 1941 and with whom

he had three daughters, he lived for several years with Liliane Garcia who, in 1977, became the second Mrs Marchais. A permanent party member in the Val-de-Marne federation, she is also his companion at all times, the person who regulates his busy life whereas he aspires to a homey atmosphere. Alert, attentive, she seems, as Gide said, to practice "the coveted possession of happiness." The image of their perfect understanding, going hand in hand, is not a simple cliche used by the press or the voters. Even in the course of intimate dinners with friends, this tender manual touch is not forgotten.

A Family Man

In the Marchais sage, the name of the little prince is Olivier. At the age of 11, Marchais junior accompanies his father to the Olympic Games and is entitled to numerous mentions in the Central Committee, beginning sometimes with: "As my son says..." If he is attacked in school because his father is a communist, the secretary-general of the PC [Communist Party] is immediately touched to the quick, revealing a sensitivity that is normally hidden by politics.

Health

A hard worker, he was slowed down considerably in 1975. His heart attack made him go easy on his fine foods and good wines. Rising at 0600, he walks an hour every morning in Vincennes Woods. At 0900, he is at Colonel-Fabien Square, at party headquarters. He has lunch there and does not come out again until 1900 to rejoin, in the Champigny section, Liliane, Olivier, and television, one of his cultural forms of sustenance.

Tastes

Simple

You have to see him at the big celebration given by L'HUMANITE. He is like a big cat that purrs, making like a big eater, licking his chops, happy to be among his own. He certainly has a taste for compah, traveling fairs, the crowd, the blended odors of grilled sausages, beer, and red wine. His tastes certainly do not run to Zola but he is not far from the joy of living, without complexes, such as we find it in Rene Fallet and "the new Beaujolais is here."

French

"I do believe in France!" he proclaimed in his latest book. There is every reason to believe that he is not using here the kind of double-talk which is so dear to his party. With his simplicity and good-fellowship, he symbolizes the average worker of the beginning of the sixties, halfway between the status of skilled worker and foreman. Fond of uniforms and

things military, he loves 'he big "thingsmajigs" in the style of Robert Hossein but hardly ever goes to the theater; a movie fan, he loves the gentle and quite French films of Claude Sautet or Robert Enrico, the shows of Johnny Hallyday at the Olympia.

Athletic

He not only has to walk, he likes to walk. Evidence? His love of hunting which he sometimes engages in with Georges Seguy in France and, occasionally, in the countries of the East which are so well stocked with game. He is perhaps the only French political leader who begins his reading of the morning press with L'EQUIPE. His enthusiasm for the Olympic Games was not exclusively political. He really likes the stadium and all the shouting. At Saint-Etienne, people have seen him full of enthusiasm, becoming an unrestrained fan of the "Greens." He loves exploits and performances and considers physical culture an integral part of culture as a whole.

The People Around Him

Discreet

This politician, who loves the crowd and the big show, is as shy as a little girl when one touches on his private life. Applying to the letter the old saying "To live happily, we live hidden lives," he never allows anyone to get too close. This discretion undoubtedly is tied to his prudishness and to a certain naiveness as a result of which his great friendships always involve the big personalities of this world. Marchais often comes out with such bright-shining phrases as: "My friend Fidel...," "My friend Gierek...," but he has to be careful now because that friendship has become obsolete quite recently. Or take this: "As I told Mr Brezhnev the other day..."

Changing

His friendships follow the party's zigzag line. Only the ways of politics lead from Fabien [Square] to Champigny. The Union of the Left had moved him closer to Paul Laurent while the break with the PS [Socialist Party] has moved them further apart. His affection henceforth goes out to those who live in isolation but with aggressiveness everywhere: Maxime Gremetz, the successor to Jean Kanapa in taking charge of the Communist Party's foreign policy; Charles Fiterman, the crown prince and future boss of the presidential campaign; Gaston Plissonnier, the Stalinist whom he affectionately calls "Tonton" and with whom he sometimes talks about fishing; finally, Guy Poussy, his successor at the head of the Val-de-Marne federation.

Coddled

This sensitive man can be affectionate and moving. When Guy Poussy lost his daughter in a car accident, he revealed a rare generosity, receiving and taking his friend and his family into his home in order to offer them comfort.

Sensitivity

Skin-Deep

This timid but brutal person, capable of surrounding himself with an impenetrable armor, has unexpected and surprising weaknesses. People have seen him sobbing during the trial in which he was involved against Auguste Lecoeur. He did not manage to hold his tears back during the funeral of Jacques Duclos. His voice breaks when some event touches him. Thus, after the death of Jacques Brel, in the midst of a Central Committee meeting, emotion overcame him and he expressed anger over articles which for several weeks had announced the death of the singer, going even so far as to say: "The party should have protested against these attacks which touch the private life of Jacques Brel." But when he can go so far as to speak into the microphone: "I am a happy man" just in case somebody has any doubts about that happiness which he proclaims so often.

Historical Background

His past could be used in explaining this frailty—to himself alone. Any personal attack in the press causes him to withdraw into himself and he has never managed properly to explain those years of 1943—1947. Was he in France or was he in Germany? Did he shun the Nazi regime or did he "accept" it? He simply blanks out his past record. Perhaps he is not exactly lying but he does commit the sin of omission. One need not look far for the origin of the discretion on the part of L'HUMANITE—"Our L'HUMANITE," as Marchais says—regarding the affairs of the Giscardian republic. Boulin, de Broglie, or diamonds never were used by the party in mounting its attacks so as not to reawaken the past record of a secretary-general who, with his hand on his heart, claims: "Those degrading, American-style or German—style political mores, which Giscard and others at this time want to introduce among us—we say no to them, resolutely, no."

Character Rude

He has a big mouth and there is a good touch of Captain Haddock in him. Like the hero of Herge, he is not afraid of being blunt and heavy-handed. This is a mark of spontaneity and authenticity. This is also a way of escape and above all a political weakness for a man of his standing. In facing the unexpected, he finds himself disarmed and he allows the violence that is in him to come to the fore. Since his heart attack, this character trait has only become stronger.

Disconcerting

He can quite suddenly switch from a calm attitude to a stormy one in a fraction of a second. Renan supposedly wrote that there is in him "a

struggle or rather a duality which is the secret behind all of his opinions." Both liberal and authoritarian, cordial and choleric, timd and
impulsive, people have seen him at a Val-de-Marne federation congress,
which had met to debate the dictatorship of the proletariat, preaching in
favor of an open debate and abruptly cutting off a militant who disagreed
with him by snarling at him: "Comrade, that will be enough, we have already
heard too much from you!" Perfectly courteous when he wants to be, he
usually is rather attentive, intelligent, and open during dinners in town.
But timidity may take him by surprise and may leave him disconcerted, such
as the first time when he was introduced to Juliette Greco.

Candid

In spite of his natural inclination toward knavery, sincere emotions often sweep him away. He is the victim of his blood and his heart. Spotting Angela Davis and the two Rosenberg sons at the L'HUMANITE celebration, he pounced on them to embrace them and kiss them. Wishing to demonstrate the party's growing influence to some of his "comrades," he tells them that, when he was buying a pair of swim trunks "with Liliane," the salespersons asked him for his autographs. In the midst of political euphoria, he will say to his driver: "Now that the Joint Program has been signed, be careful! If you hit somebody, you have one chance out of two that you might have hit a left-wing voter."

Methods Like a Party Hack

Georges Marchais at all times advanced while wearing the mask imposed upon him by the party line. In the autumn of 1977, when the harvest of disunity and bitterness came up amid the left, he apparently without any regrets shed his liberal disguise and put on the hood of Stalin. An iron helmet which did not astonish anybody. Trained during the party's Stalinist period by two outstanding mentors—Maurice Thorez and Jeannette Vermeersch—Georges Marchais received some drops of blood which flowed in the veins of the "little father of the peoples."

Strict

There is something of the Hum in this Norman. He discards anything that bothers him. In that connection, Roland Leroy was his most astonishing victim. That other Stalinist, who preached the death of union with the PS while the PC was still enjoying the pleasures of that marriage, did not manage to benefit from the 180-degree turn performed by Georges Marchais. A skillful operator, the secretary-general got around the managing editor of L'HUMANITE while adopting his line. This was a supreme pleasure which he had to taste like Curnonsky in politics, the ouster of Roland Leroy from the political secretariat during the 23rd Congress.

Approximate

One might even say that his methods are irrational. Descartes would lose a debate with him. His moves are systematically contrary to what is supposed to be. The point of departure in his thinking is always the conclusion. Once he has arrived at his conclusion, he follows with his justification. During a break in a Central Committee meeting, he replied as follows to Rene Andrieu, the editor-in-chief of L'HUMANITE who had been worried about finding arguments to justify a decision which had just been made: "You know as well as I do that any position can be defended. You will find your arguments." Guided by his determination, he thinks that the politician decides and the technician executes. What does bad faith matter if the argument is "high-class."

Intelligence Simplifying

This worker, who sometimes makes one think of a machine—so untiring does he seem—appears to think in extremely simplified terms. Most often, he can see real truth which he hardly bothers to explore. Once and for all, he draws a definite dividing line between the good communist and the bad capitalist. Quite visibly, he does not love hues and shades and he rejected the formula of Chateaubriand according to which "the perception of good and evil fades as intelligence is enlightened." For this convinced Marxist, an analysis without action is only the ruin of intelligence. But let us not be excessively Manichean. One day he drew a dividing line between good and bad journalists and then somebody asked him whether the criterion he used was based on those people going along with him; he retorted: "Not at all; for example, I think that X is an excellent journalist because he never writes anything incorrect about the party." Now, X is a notorious anti-communist in a big right-wing daily. He has not yet recovered from this piece of praise which basically was a piece of flattery.

Political

Capable of going right to the very essence of things, he disdains details which nevertheless quite often are the very nucleus of knowledge. Is this just a trick? This abrupt man nevertheless knows how to listen when strategy or rather political tactics so require. And it is not rare, for example, to find him during meetings urging everyone to get on with the discussion, even if the points are contradictory. His aides heard him say this during a full Central Committee meeting in 1978: "We are not going back to the practices of yesteryear"—but is he still capable of holding such views today?

Eloquence Forced

A man of the crowd, he is nevertheless not a joiner. We saw that again at this year's L'HUMANITE celebration. Until he took the floor, everything

was perfect. As a good showman, he knew how to manage his entrance. The shows put on by Johnny Hallyday seem to have inspired him or at least the party's marketing specialists responsible for "managing" his appearances: There is the play of lights, there are projections on giant screens and there is even music to "warm up the auditorium." Everything falls apart however when he grabs the microphone. Motionless, he no longer knows what to do with his hands and the only thing he can do is to grab the lectern on which he has placed the text of his speech. Stiff and all up-tight, he rarely manages to digress from his prepared text; he fights with himself and against himself and he does not always find the proper words, nor the proper pauses. A rather mediocre speaker, he never really gets off the ground in spite of his intense, long, and very detailed repetitions.

Telegenic

Here he reigns supreme. A specialist in the American plan, worthy of the graduates of the Actor's Studio, he is pure joy for the cameramen and the producer. He is a man of television and he owes the little screen a lot. His managing to get to the head of the party is a little bit due to that. A real spearhead, spokesman of communism on the screen, he has made himself indispensable in the eyes of his peers even in spite of his blinking eyes, his outbursts of anger, and his emotions which are beginning to tire the television audience.

Culture Veneer

One thing is certain: he does read the Zorro comic strip. People have watched him enjoy these comics tremendously during his vacations in Corsica. For the rest, his time is tightly scheduled and he must confine himself to absorbing the kind of elementary knowledge which will enable him never to be caught short. But he is not the only politician in that situation. Contrary to a man such as Thorez, however, who spent 2 hours a day reading the classics, contrary to a man such as Waldeck Rochet, who delved into philosophical studies, Georges Marchais only reveals a veneer of culture. Basically, although he loves to write and edit very carefully the texts prepared for him by his "ghost writers," he is afraid of intellectuals who are always ready to quibble or betray. The alliance which he apparently managed to put together with them-using especially Jean Elleinstein-could only have been artificial. It took the party's 22nd Congress in 1976 for a number of them to open their eyes full of tears before this man who had shattered their hopes.

Scornful

As he builds the world in his image, it seems that he thinks that the voters are myopic. It is hardly a caricature to say that he conceives culture only in very broad and rough outline. Given a reception by the Paris

Federation after the 1977 city elections, he summarized his philosophy of publishing by criticizing his comrades for publishing a newspaper whose letters were too small and therefore too difficult to read "for the workers who are still rather numerous in Paris."

Scientist

His last book, entitled "L'espoir au present," reveals him to be a neopositivist and the heir, in his own way, of Auguste Comte. "Let us together fight the battle of science and progress —the battle for happiness"—that is his creed. Hospitalized in 1975, he kept asking his doctors about the progress of their science. He also believes in nuclear science which, according to him, is "the real battlefield." A real curiosity, a faith.

Ambition Satisfied

What is the way to go for a worker who entered the party rather late! As a matter of fact, he was 27 when he joined in 1947. But he made headway rather very quickly. Elected to the Seine federation committee in 1949, the top leadership picked him at the end of 1952: Maurice Thorez, in person, made him a permanent member and Jeannette Vermeersch gave him her complete confidence. This was a rather odd choice at a time when the heroes of the Resistance were apparently triumphant in the party—but that was probably not a choice based on mere chance. In giving Marchais his own federation in 1956—the Southern Seine federation, which later on became the Val-de-Marne federation—Thorez undoubtedly knew that he was placing him on the way toward party leadership. He felt that the communists would someday appreciate the charm of an average worker rather than the brilliance of a veteran of Resistance in which, by the way, Thorez himself had never participated.

Measure

Georges Marchais assuredly would feel himself capable—if conditions were right—to assume the presidency of the republic; but it is possible that, in spite of his irresistible rise in the party, but he is hardly seized with a taste for power. In reality, he is more of a showman than an absolutely ambitious politician. Now, in a party where decisions are always made collectively, it is perhaps dangerous to dwell on that point excessively.

5058 CSO: 3100 COUNTRY SECTION FRANCE

DEFENSE BUDGET APPROACHING 100 BILLION FRANCS

Paris LE NOUVEL ECONOMISTE in French 13 Oct 80 p 87

[Article by Philippe Gazier: "Defense: The Threshold of 100 Billion"]

[Text] The RPR [Rassemblement Populaire Republicain] and arms manufacturers can be nappy: the 1981 defense budget is a rapidly growing budget. 104.4 billion francs altogether, pensions excluded, representing almost 20 percent of the national budget and 3.85 percent of the GNP. While the civil ministries' budgets only follow the inflationary drift (their appropriations increase 14.5 percent on the average), the defense budget increases by 17.9 percent. The expenditures earmarked for equipment increase at the rhythm of 19.68 percent and the program authorizations by 22.6 percent.

First among the beneficiaries of this manns in conformity with the stipulations of the military program law of 1976 are the state institutions
such as the Atomic Energy Commissariat, the naval arsenals and arms factories of the General Delegation for Armament. The state plants benefit
from the confirmed priority given to nuclear armament and from the decision
to catch up on the lagging new constructions in the national fleet or in
the manufacturing of assault batteries (Famas or "Clairon").

But the industrial sector is not resting either as it will obtain at least two thirds of the public orders, especially the aeronautical (whether nationalized or private) and electronical manufacturers. Thus, the Air Army will order 52 planes from Avions Marcel Dassault-Breguet Aviation in 1981: 22 Mirages 2000, 9 Alpha-Jets and 21 Mirages F1 (these last ones meant to make up for the delay found in the Mirage 2000 program). In all, France plans to have at her disposal 450 fighters and insure that 10 percent of that fleet be replaced annually. Aerospatiale will have its share too, but the orders that it will get will be much more disparace: 5 new generation Transalls, the first 30 Epsilons (small training engines), as well as the 20 Gazelle helicopters for the Land Army, whole series of tactical planes and ballistic missiles (Hot, Milan and Roland), in particular the development of the new MSBS (mer-sol-balistique-strategic [sealand-ballistic-strategic]) baptized M4, which will be part of the equipment of the submarines of the strategic ocean force.

Ranking first among these beneficiaries will also be, irrespective of the arms we are talking about, the Thomson and Matra groups and Creusot-Loire. A sign of the time, the part devoted to the satellites has grown: 84 million france are reserved for the Spot earth observation program engineered by Matra and 165 million france for the study of the Samro program, especially its military aspects, the total cost of which is estimated by Yvon Bourges a few days back to be eventually around 2 billion france.

Joel Le Theule, the new RPR minister of defense, is very happy with the heirloom entrusted to him. Last week he was seen at the ceremony of transfer of power at the Hotel Brienne. "Thank you, my dear Yvon, for having prepared for me a good budget," he said in effect to his predecessor.

The Army and Industry

1980 Appropriations

Atomic Energy Commissariat	9.9	*
General Direction for Armament (Naval shippards and plants of the Land Weaponry Industrial Grouping)	17.8	2
Industry (of which the private sector's share is a little more than 46% and the		
parapublic sector's share is about a little more than 26%)	72.3	2

1980 Research and Development Appropriations

Electronics	27. %
Machine development	21.8 %
Nuclear	20. 1
Land and naval equipment, arms	15.7 %
Aeronautics	15.5 %

More than two thirds of the armament appropriations went to the industrial sector.

1751

cso: 3100

ROLAND'S PLACE IN SURFACE-TO-AIR ARTILLERY CLARIFIED

Paris DEFENSE NATIONALE in French Jun 80 pp 155-158

[Article by Emmanuel Gepeyre: "Surface-to-Air Artillery and the Roland System"]

[Text] Surface-to-Air Artillery

The First Army and the Tactical Air Force between 22 and 24 April conducted a joint exercise employing the AA artillery regiments of I and II corps as well as considerable air units.

This combined exercise called "Faucon 80" was held in the northeastern part of France. It offered an opportunity for the first time on such a dimension to test the evolution which has been taking place for some time now in the surface-to-air component of the artillery.

To provide AA defense for the combat forces, it was in effect necessary to have modernized surface-to-air artillery, endowed with good mobility and sufficient protection to perform missions in combat zones, offering high efficiency in a dense ECM environment and capable of sufficiently early detecting any air attack, while being permanently able to go into action.

Artillery has embarked upon this road of modernization. The organizational structures are in place, the equipment is partly in place and will progressively be added under the military planning law.

The replacement of the old 40-mm guns with a larger number of Roland surface-to-air missile launching ramps, the assignment of Hawk-Hip to the inventory, the presence of detection radars and identification equipment, the arrival of 20-mm machine-cannon for unit self-defense--these give our forces the capacity for a more effective response against the enemy in the air.

The corps echelon hereafter will have all of the specialized equipment needed for AA defense so as to get the most use out of this equipment.

Overall, by the end of ground forces reorganization, the units involved will have the following:

Three Hawk-Hip regiments, equipped with missiles having a range of 40 km, capable of hitting as high as 15,000 m altitude;

Two regiments of four batteries with two sections of Roland [each], having a certain all-weather capability, whose missiles are effective up to a range of 6 km and a ceiling of 3,000 m.

Four regiments at three batteries of Roland and one battery with four sections of 30-mm twin-barrel [guns].

All of this will guarantee freedom of action for the various army corps by guaranteeing them an effective and coherent air defense.

The effort of surface-to-air artillery in interservice exercises could-due to the number and quality of equipment--be more definitely character-lized by the adaptation or concentration of a portion of its equipment.

Combined action at very low altitude will be supplemented by a system of solf-defense for units from all branches of the service, organized around the 20-am machine-cannon. This system should eventually consist of about 5,000 such weapons.

Among the assortment of surface-to-air artillery equipment, the Roland weapons system has become the key item in low-level and very-low-level AA defense for units of the actual combat forces. It comes in two versions, Roland I "fair-weather" and Roland II "all-weather."

The entire Roland firing system is mounted on a single armored and tracked vehicle, the AMX-30 chassis. The missile can be fired at any approaching or departing target, from a helicopter in hovering mode at an aircraft flying at 450 m/sec, regardless of their maneuvers.

Roland System

The Roland missile is the result of a combination of two projects in one common program, a French program by Nord Aviation and another German program by Boelkow.

Armament

it comprises two launch ramps, including two missiles ready to fire and eight missiles stored.

Each missile has the following characteristics:

Length: 2.40 m; diameter: 0.16 m; weight, stripped: 80 kg; weight with container: 85 kg; military payload: 6 kg; maximum range: 6.20 kg [as published].

The missile is delivered in its container which at the same time is used as a means of storage and as a launch tube. The power plant is at the tail end of the missile and gives it a speed of about 500 m/sec (or 1,800 km/hr) in less than 2 sec. This speed is then kept constant with the help of a cruising engine for about 13 sec. The missile is stabilized by rotation. It comprises four cross-shapped airfoils [fins] which deploy upon exit from the tube and whose angle of incidence [attack] is calculated so that the missile will regularly rotate around its own longitudinal axis. Jet rudders give it high maneuverability qualities.

The military payload can be activated either by a proximity fuse or by direct impact.

The proximity fuse is electromagnetic and works like a miniature radar. It sets off the military payload at a range of less than 10 m from the target.

If the target tracked moves at very low altitude, the gunner can disconnect the proximity fuse in order to prevent the possible explosion of the mismile due to the ground effect. The use of this possibility as a matter of fact is rather theoretical because the proximity fuse is not sensitive to the ground effects beyond a range of 15 m.

Vehicle.

The channis of the Roland system is the AMX-30 channis (weight 33 t, maximum speed 65 km/hr; endurance 11 hours or 500 km).

Firing Unit

The crew of the armored vehicle comprises a gun commander, a driver, and a gunner. The firing unit consists of the armored vehicle with its firing mechanism plus a support vehicle. In reality, it consists of two crews of three men who can relieve each other and who can keep the equipment operating permanently.

Firing System

The firing station in particular consists of the following:

A surveillance and alert radar with an identification system;

A firing radar for the "all-weather" version;

An optical sight connected with an IR range-finder;

A microwave remote-controlled transmitter;

A guidance element computer.

Firing Sequence Described

The moment one or more targets have turned up on the surveillance radar, the gun commander is alerted by a sound signal.

Simultaneously, a symbol appears on the control screen, representing the target or targets which makes it possible to locate them and identify them.

When the target is within missile range, the gun commander places a slide marker [pointer] upon the symbol of the target chosen and the turret will automatically move in the direction of the target. The system then varies, depending upon whether we are dealing with the "fair-weather" or the "all-weather" system.

For the "fair-weather" system, the gunner must keep the target at the center of his sight's cross-hairs. During firing, the missile trajectory remains dependent upon the line of sight with the help of a computer which processes the guldance commands.

For the "all-weather" system, the target is picked up by a tracking radar which follows all of its maneuvers. The missile is fired without any other human action except for the actual triggering of the missile. If he so desires, the gunner may switch to optical sight, particularly to avoid any possible ECM by the target tracked.

Order and Equipment Plans

The military planning law for the period of 1977-1982 provided for ordering 133 units by 1982 and the delivery of the first 110 units at the rate of 20 per year, starting in 1978.

This program is being carried out since, as of 31 December 1980, 50 units have been issued and 121 have been ordered.

The ultimate objective of this program involves about 200 Roland units, half of which will be in the "fair-weather" configuration and the other half will be in the "all-weather" configuration.

Gunner Training

The delivery of the weapons system's units has been accompanied by the development of a training method which is used in the conversion training of pilots and mechanics assigned to the Concorde or Airbus aircraft.

The principle is simple: before using the equipment to which he will be assigned, the trainee must have a perfect knowledge of all procedures. This is obtained through individual on-the-job training by means of a programmed instruction phase. This type of instruction is given with the help of a teaching machine equipped with two screens for the presentation of slides and a control assembly, equipped with a logic memory, run by tape recorder.

A question is associated with each elementary notion. The lesson is continued only if the answer given by the trainee is satisfactory. Otherwise, new explanations are given and a new question is asked.

The programs drafted in close cooperation by aircraft personnel training specialists and Roland instructors thus make it possible to familiarize the trainees with the various "critical operational points" without the trainees being tripped up by any obstacles.

The trainee rapidly understands the lesson with the help of a syllabus designed and disseminated by a teaching machine at the pace chosen by the trainee himself.

The first Roland aimer-gunner training course began last February at Nimes Surface-to-Air Artillery School.

5058 CSO: 3100 COUNTRY SECTION FRANCE

RRIEFS

PCF EXPELS FIZBIN, MEMBERS -- At the federal department's request, the PCF Federal Committee in Paris, on Monday, 27 October, discussed the position which two of its members had taken in regard to the presidential elections. Mr Henri Fizbin who, with four other Paris councilors, was highly critical of the lack of discussion on the electoral campaign guidelines within the Prench Communist Party, announced that he did not feel bound to participate personally in this campaign; the federal department denounced this statement (LE MONDE re 17 October and dated 19-20 October). Hr Eddy Kenig had agreed with the position taken by the five Paris councilors (LE MONDE 22 October). With respect to directives, several counittee members have strongly expressed marked disapproval similar to that which Hr Figbin had openly declared. Mr Louis Regulier, a department member, formally stated his disagreement with the judgment passed against the former first secretary of the federation and the four other Paris councilors. At the federal administration's request, the committee decided to expel Messrs Fizbin, Kenig and Regulier from the department. There were 12 votes against out of 86 present. The federal committee also passed with 12 dissenting votes Mr Jean Elleinstein's denunciation by the 12th district, which severely reproved the historian's collaboration with FIGARO-MAGAZINE (LE MONDE 24 October), [Text] [Paris LE MONDE in French 29 Oct 80 p 9] 8870

CSO: 3100

COUNTRY SECTION ICELAND

PAPER COMMENTS ON COVERNMENT BUDGET PROPOSAL.

Reykjavík MORGUNBLADID in Icelandic 17 Oct 80 p 26

[Editorial: "A Draft Budget of Disappointment"]

[Text] There is nothing new in the "first draft budget of the People's Alliance," which was presented last monday in the Althing, as some had expected, only some fast talking. Nothing is done in the draft towards the goal of a decrease of state expenditures or lowered taxation. Neither is there to be found expressed there any policy in the management of state finances that can be connected with the demands of the government concordat on a lowering of prices and reduction in the rate of inflation in 1981, "so that Icelandic inflation will become, in 1982, comparable to that obtaining within the major countries trading with Iceland," as it is worded in the government concordat.

The 1978 budget, which was the last budget of the government of Geir Hallgrimsson, came to 139.5 billion krons, according to the final figures. That was considered to be an incredibly high budget, according to the criticisms of political commentators of the time, not the least those from the ranks of the People's Alliance, commentators that are more often talkers than doers. "The first draft budget of the People's Alliance" will not amount to 139.5 billion krons, but to 536 billion krons, a figure three times as high. But this draft, as other drafts, is likely to increase on account of what takes place in the Althing. That is the appraisal of the People's Alliance party's Minister of Pinance himself on what has been done to keep prices down and control state finances in the months that have passed since the government of Geir Hallgrimsson lost power, and the People's Alliance became a member of a government again, in 1978.

Direct taxes, that is income taxes and health insurance payments, were set at around 26 billion krona in the 1978 budget. In the "first draft budget of the People's Alliance" these taxes are estimated at 91.5 billion krona. That is a krona increase of more than 260 percent. It can thus be seen that tax collections will become 5 billion krons heavier between 1980 and 1981, since tax index figures are not intended to accord with wage changes between the 2 years. This tax increase will go completely to waste since it is also planned to increase foreign loan making by 98 percent (in terms of the 1980 and 1981 budget drafts) to finance public achievements.

Indirect taxes, that is value-added taxes such as duties, excise and sales taxes, etc, were 112 billion krons in the 1978 budget. In the "first budget draft of

the People's Alliance" they are estimated at 431 billion krona, very nearly a four-fold increase over 1978.

Now it is a matter of course that the income and expenditures of the treasury must take price evolutions in the country into consideration. However, the policy of the government in state finances, as it finds expression in the 1980 budget and the present draft budget, ignores that price evolution. That is, they serve as stimuli for inflation. The government concordat made provision for inflation restraint through price reduction to act against that counteraction. That policy has come to nothing. All the provisions of the price section of the government concordat concerning "quarterly upper limits for 1980" broke down. Inflation must be attacked with deeds rather than with words, but deeds were not agreed upon in the government concordat. Everything runs aground on the People's alliance, exactly as in the leftist government of Olafur Johannesson that collapsed last yoar. Neither is there to be found in the "first budget draft of the People's Alliance" any policies in state finances which will fulfill the promise on a rate of inflation here in Iceland in 1982 that will be the same as that obtaining in the countries that are Iceland's best trading partners. On the contrary, the path of inflation is chosen there, inflation at a rate like that of the present year.

The advisors of the minister of finance maintain a low profile in discussions of the draft budget. Tomas Arnason, minister of trade, said yesterday in TIMAN that the budget draft "may not be a strong and suitable weapon for reducing inflation." He also criticized several sections, such as the accommodation payments from business, which he said it had been promised to eliminate in 1981. Tomas Arnason makes it doubtful that there is a majority in the Althing to support the extension of a special tax on store and office equipment, a tax that was especially hard on businesses in sparcely populated areas. He said that it would be difficult for the government to achieve its goals on inflation restraint if it condoned "certain economic deceleration measures next 1 December." But there is expectation of greater inflation if something is not done.

Although the previous Progressive Party minister of finance was circumspect in his discussion of the "first budget draft of the People's Alliance," it is clear that dissatisfaction with it has gained ground within the counsels of the government.

11,433 CSO: 3111 COUNTRY SECTION ICELAND

ACREEMENT OF INDEPENDENCE PARTY MEMBERS MAY HELP HEAL RIFT

Reykjavík MORGUNBLADID in Icelandic 16 Oct p 24

[Editorial: "The Agreement of Independence Party Members on Election to Althing Committees"]

[Text] The agreement that was concluded in the Independence Party Althing delegation on election to Althing committees has been well received generally among party members and party supporters. The split which arose in the Independence Party last winter, with Gunnar Thoroddsen's government formation, has generally brought about much pain within the party and among its supporters, who do not seek personal advancement in politics but, on the other hand, feel it important to work for the points of view advocated by the Independence Party. These party supporters particularly welcome the agreement which was concluded in the Independence Party Althing delegation at the opening of the Althing on election to Althing committees.

Many have felt, since the formation of the present government, that the split in the Independence Party would not be healed and that it would not be long before the party broke up. The opponents of the Independence Party which have held such views have, to be sure, failed to take into account that everything that has happened since the government formation, up until the present, has demanded from the party in general, and its supporters, one thing, and one thing only, that the party hold together. Those confidents of the Independence Party who have been desiring a split within its ranks cannot expect the support of the party in general for such an effort. In a speech which Geir Hallgrimsson, chairman of the Independence Party, gave at Bolungarvik last summer, he laid particular emphasis on reconciliation and underscored the need for Independence Party members to work together for many goals that remain unachieved, within the context of the party, in spite of disagreements in other areas. Independence Party members must work towards accomplishing this and the agreement concluded in the Althing delegation will be a real inducement in that direction.

More and more persons are anxious about the disintegration that now dominates in Icelandic national life. When the strong Independence Party is paramount it is a true, collective power, which can be relied upon. For this reason there are many others besides Independence Party members who have anxieties about the split which has come about in the ranks of the party at this moment in time. Icelandic disintegration creates a need for the collective power, as well based as possible, which the Independence Party can provide. This will be an inducement for

Independence Party members to set aside the quarrels which have arisen within the party and concentrate the efforts of the party upon the construction that stands before us. There is now the need for the kind of unity in Icelandic national life as was promoted by the 1960 restoration. A strong and unified Independence Party is the single national power that can be trusted to achieve that unity.

11,433 CSO: 3111 COUNTRY SECTION

ITALY

LEFTIST FORCES CALL FOR REVIEW OF SECURITY SERVICES

Milan PANORAMA in Italian 6 Oct 80 pp 89-95

[Article by Angelo Maria Perrino and Chiara Valentini: "Stop That Spy"]

[Text] The acronyms are new, the personnel somewhat less new, but the methods are no different. The leftist forces are hurling charges against the reformed secret service. Even Prime Minister Cossiga is beginning to have doubts.

After 2 hours of discussion, the audience began to show signs of fatigue. Some yawned, some whispered to their neighbors, others fanned themselves in the evening heat with their invitation cards. During the debate, sponsored by the Calambandrei Club of La Spezia, on "The Military and Society," hardly an exhibarating topic, only two men listened with unflagging attention to every word of the report delivered by Falco Accame, socialist deputy and ex-naval officer.

Seated in the second row, the two aimed a mysterious parcel wrapped in pages of LOTTA CONTINUA at each speaker to take the podium. As the audience was rising to leave, Accame declared, "I see before me two agents of the secret services. Since we have been discussing the function of the military, I should like them to explain what they are doing here." But his curiosity was left unappeased when the duo disappeared amid the confusion. In their haste, however, the pages of LOTTA CONTINUA fell loose and revealed a glimpse of a Geloso tape recorder.

"That was a trifle compared with what our secret services are often up to.
Nevertheless, it was an unheard-of infraction of the law. They go right on
compiling personal files, just as they did in the days of SIFAR [Armed Forces
Information Service]," Accame complained.

After a long period of outward silence that suppressed hushed-up controversies during the wait to see the results of the reform, the battle over the secret services has flared up again; but this time the recurrent denunciations hurled against them by Accame, for years a sort of public prosecutor of the security system, are no longer isolated.

Stefan Rodota, independent on the communist roster, is one of his most fervent partisans: "The government has yet to clarify any number of murky, behind-thescenes facts. Francesco Cossiga must absolutely bring this matter before

parliament as soon as possible." Various parties, from republican to radical, from liberal to communist, promptly echoed his demand. "The army is definitely responsible for the failure of the services to make the changes stipulated in the reform law. Its liabilities must urgently be clarified," asserts Ugo Pecchioli, chief of the PCI's section on problems of the state.

A number of points remain to be cleared up, beginning with the case of Silvano Russomano, second in command of SISDE [Democratic Security Information Service]. This case, which calls into question the accountability of politicians at the summit, cannot be considered closed in a court of justice, many believe. "A security officer who commits actions in such secrecy that no one understands their real significance is a threat to the security of the state. It cannot be simply a private matter between Russomano and justice," says the socialist Silvano Signori, member of the chamber's committee for defense.

Still more alarming are questions concerning the Bologna massacre, including the news leaks that occurred simultaneously with the probe carried out by the magistracy of Emilia, and the virulent clash involving two cabinet ministers, Virginio Rognoni and the socialist Rino Formica—a slinging match bordering on the absurd between two members of the same government. "Big shots in the government are conniving with terrorists. We must call an extraordinary meeting of the cabinet," Formica urged, patently referring to the secret services. The Christian Democrat Rognoni cut him short: "Let's not joke. How can I speak of these things before the cabinet if what is said at our meetings only winds up in the newspapers?"

Probably the most serious intimation [of deliberate misrepresentation] will be found in a phrase included in a frigid bureaucratic document, a sentence in the report on the services' actions, which the prime minister is required to present before parliament semiannually: "As for the subversive activities perpetrated by the right, the past 6 months have registered a quantitative decline in the phenomenon." This startling statement was written by secret services experts on 28 May, 2 months before the Bologna episode. "Such an observation is all the more incredible when we consider that during that very same period, a modest magistrate, Mario Amato, assisted by a single police commissioner, compiled a comprehensive dossier predicting exactly what was about to happen," remarked Luciano Violante, one of the PCI's most informed experts on judicial matters.

Three years since the reform--enacted to rid the country of plotting generals, secret agents who intrigue, and service units compromised in the "Strategy of tension"--disturbing questions are once again being asked about all these episodes.

To what extent have the services been renewed? Has the "great purge" of the heirs of Giovanni De Lorenzo and Vito Miceli been carried through? And, of primary importance, are the controls called for by the law functioning efficiently? Well devised on paper, the overhauled mechanism set up two distinct organisms: one, SISMI [Intelligence Service for Military Security], under the Ministry of Defense, is entrusted with safeguarding military security, in substance inheriting the offices of the defunct SID [Defense Intelligence Service]; the other, SISDE [Intelligence Service for Democratic Security], under the Ministry of the Interior, is assigned to keep tabs on "democratic security," mainly against terrorism. This bureau still remains to be organized, practically from scratch. CESIS [Executive Committee for Intelligence and Security Services], a sort of summit agency and the real brain of national security, coordinates the two services.

it was hoped that this system would sweep away many past inadequacies, primarily the privilege allowed a single agency like SID, or SIFAR before it, to operate everywhere, in foreign affairs as well as national security, hence monopolize enormous power without supervision of any kind. In a new departure, the reform law appointed the president of the council [prime minister] as the politician responsible for the services. He must account in the first person for the conduct of his generals.

Launched on 28 October 1977, the road to reform has not been as short and easy as its sponsors hoped. A few months after it was enacted, the first trauma occurred with the kidnapping of Aldo Moro. Theoretically, SISDE should have taken charge of the investigation, but that bureau possessed little more than a title at the time. Confined to four small rooms, lacking both personnel and equipment, it was immediately bypassed. With the prime minister's authorization, the more powerful SISMI, headed by Gen Giuseppe Santovito, who had appropriated the archives, personnel and structures of the extinct SID, galvanized its strength to grapple with this most heinous act of terrorism in our national history. Intentional or not, this move effectively torpedoed the reform, not only because in a single stroke it cancelled the proviso establishing the division of duties and relegated SISDE to second place, but also because it paralyzed the entire purge program.

Given the ever more victous assaults mounted by the terrorists, the services' directors found themselves in a strong position to oppose the dismissal of many agents who, however compromised, could guarantee the survival of an informational network.

"Even though the administration gave assurances that no men on the old SIFAR personnel files are still in service for SISMI, I find that there are at least 50--and some say 90--who continue their work undeterred--to such a degree, in fact, that they have even brought friends and relatives of sure faith into the organization," says Falco Accame.

He exposes names: General Caruso's daughter, formerly of SIFAR's USPA office and SID's USI, employed today in SISMI's security section; the daughter of Colonel Giovannoni, who has represented SIFAR, SID and SISMI in the Middle East; the daughters of Colonel Appel Vierdis and Jannuzzi, and the son of Colonel Coletti, all likewise SIFAR oldtimers.

Incrustated centers of power are still thriving not only in SISMI but elsewhere. At SISDE side by side with carabiniere general Giulio Grassini, ex-combatant in the resistance and a chief of unassailable character, the powers-that-be have installed that old fox Russomano who, after the bombing of Piazza Fontana, was accused of throwing the subsequent probe off the track.

"The golden rule is that no one ever leaves the state apparatus," comments radical deputy Marco Boato, "as we learned from the case of D'Amato, who was fired from the services but consoled with the important post as head of the frontier police."

In this rejuvenating process, how is the recruitment of personnel proceeding? From sources of information within the presidency of the council, PANORAMA has learned that SISMI, staffed by 1,800 men instead of the 2,500 called for, has thus far attained no more than two-thirds of its strength. SISDE's plight is

even worse: 1,200 agents provided for but only 680, slightly more than half, on its payroll today. To be sure, not many persons want to join a service as dogged by shadows of the past as are the Italian agencies which, moreover, claim none of the prestige other services enjoy, like British Intelligence and the CIA, which is widely ramified and influential in America's social articulation.

Says Franco Fedeli, director of NUOVA POLIZIA and for years a champion in the movement for democratizing the armed forces, "It is difficult for the Italian services to demonstrate publicly that they have recaptured their virginal innocence after exhibiting themselves for 30 years as an aggregation of factions slitting each other's throat in power struggles and resorting to blackmail at opportune moments."

Most Italian agents come from the military, primarily the carabinieri, to a lesser extent from the other branches. But they also include civilians: environmental, economic and scientific experts, university professors, women, who account for nome 10 percent of the total personnel, and even upper-class ladies, assigned to garner information in the most exlusive salons and social circles. Certainly the base [monthly] stipend of 700,000-800,000 lire for officers is small inducement to take up a profession so special and hazardous. But what ultimately throttles the recruitment process is the extremely selective method used to find new agents.

To hire a batch of 50 civilians, for the past several months SISDE has been riffling through the files of men fresh out of officers' military training camps. Going over their personalities, personal affiliations and girl friends with a fine tooth comb, it has put those selected through a preliminary training course. Along with constitutional law, economics and psychology, the candidates learn the techniques of shadowing suspects, decoding secret messages and defending themselves by karate. "A pity," Fedeli says, "that very often the new arrivals cannot be taught to do anything of any value. Hany of them fail to understand what it's all about or what their duties are when they are given some assignment more demanding than clipping press reports."

The main business of those engaged full time in the services continues to be infiltrating highly disparate circles and making contacts. According to Cossiga's most recent report, service agents are working in prisons, in the industrial sector, student milieux and the drug scene. Those working for various branches of the services scattered around Italy and disguised as import-export agencies or business offices—18 for SISMI and a dozen new centers for SISDE—are doing likewise. The information amassed is sorted out in Rome and stored in a new data bank, inaugurated a few months ago. This system costs the state 80 billion lire a year—a figure destined, as PANORAMA has verified, to hit 100 billion in 1981.

Many observers assert that despite the reform, in effect the basic structures of the services remain unclanged and, what is worse, the same malpractices persist, beginning with the duplicity of numerous agents who accommodate both Italy and the United States by turning over one copy of every document for internal scrutiny and another for foreign scrutiny, thus drawing two stipends at the end of the month. Examples of such double dealing are exposed in a dossier on the Italian secret services, a collection of episodes told in confidence by Italian agents to Dominique Perrone, DIA agent in Italy, and published by REPUBLICA in 1979.

Similarly, some old centers of power are still going strong; the most potent are SISMI's "S.a.S." office and SID's ex-ufficio "Ri.S.," formerly headed by Colonel Rocca, the first to lose his life under mysterious circumstances. For years before the reform, Rocca lashed out at the high echelons in the services.

Billions of lire flow in underground rivers, concealed by hermetic acronyms. Indeed, it is up to this office to check and approve every consignment of arms shipped abroad by Italian manufacturers. Such a highly sensitive procedure is rigorously supervised by all Western governments; in Italy it is especially important. Our nation ranks fourth in the world as exporter of arms, with a sales volume hovering around 4,000 billion lire by official estimates, while the state owns a participation in such leading corporations as Beretta and Oto Melara.

Authorization to export armaments is granted by an interministerial commission quartered in the ministry of foreign trade, its members representing the ministries of industry, justice, finance, labor and interior. The dominant figure is the chief of SISMI's "S.a.S.," currently Colonel Pallotta, another SIFAR alumnus, who held the corresponding post in Miceli's SID.

"There has never been any purge in this office," says Accame in his denunciation. "These who were dismissed make up an insignificant component. One member is a man who actually collaborated with Mussolini in the Republic of Salo." Still more distressing are the personal ties between the director of this office and industrial magnates. General Carrera, Paollotta's predecessor, passed on orders for arms and military accourtements to Selenia, a leading armaments industry. And his probable successor, Lieu Col Giampaolo Onori, has maintained relations for years with Tirrenia, known to traffic with South Africa's racial regime. Although the UN slapped an arms embargo on South Africa in 1972, Tirrenia is allegedly shipping war material regularly to that country, as the FLM has documented in various accusations based on information given by workers in the sector.

"With these practices," Accame points out, "the services are conducting their own foreign policy, often in conflict with official Italian government policy."

Top political figures prefer to close their eyes to the problem. PANORAMA has confirmed the fact that parliament's secret services committee, created by the new law and counting four Christian Democrats, three communists and one socialist, has accordanced the question of arms trafficking, much less given the slight of recognition to the three pertinent reports thus far presented by the prime minister to the two chambers. Intestine friction sparked by the Bologna massacre, SISDE's failure to take off, incomplete purge of the services and the personal files kept on the politicians—on these polemical points the prime minister has adopted an accommodating stance, tending to exculpate the services. Yet Cossiga, too, has come to realize that something is wrong; but he fixes his attention more on the reform law per se than on the manner of its application. While as minister of the interior he supported the division—of—duties policy, today he is not so sure.

In his program speech, Cossiga let this fact be understood. His deputy prime minister, Francesco Mazzola, whom he delegated to represent him as supervisor over the services, told PANORAMA, "The only real disadvantages of this reform

lie in the opening paragraphs of the two articles that stipulate the separate competences of the two branches." In Mazzola's view, all the trouble derives from the terms of the reform, which entrust military security to SISMI and the security of the natin's democratic institutions to SISDE because in many instances, he claims, it is difficult to tell which of the two agencies must bestir itself. It would be better to emulate other nations by delegating internal security to one and foreign security to the other. "If a foreign service alerts us to a sumple lous character entering Italy," he asks, "who takes the initiative? Who can determine whether he is a terrorist, a bona fide civil servant or a military apy?" What happens, in fact, is that sometimes no one bestirs himself. More often both services swing into action and only succeed in obstructing each other. Peeding on such situations, the rivalry between them often surpasses the traditional jealousy between the police and the carabinieri. Such an instance occurred, for example, last March when SISMI managed to hook a Middle Eastern personage and installed him in a hotel at its own expense in the hope of worning valuable information out of him. But their stratagem was thwarted when two SIDE agents, deeming the man a dangerous type, handed him an official order to leave the country forthwith, and even took the trouble of escorting him to the frontier.

9653 CSO: 3104 COUNTRY SECTION ITALY

PROBLEMS OF AGRICULTURAL STRUCTURES, LEGISLATION DISCUSSED

Milan IL GIORNALE in Italian 7 Oct 80 p 17

[Article by Franco Bortolani, chairman of the agricultural commission of the chamber: "The Laws and Agricultural Structures Should Adhere to European Reality"]

[Text] Postwar agricultural legislation found itself faced with a burdensome heritage from the past, many knots to loosen and, particularly, the need on the one hand to strengthen agriculture and, on the other, to promote better relations in the rural areas by making it possible, especially through the amergence of family enterprises, to achieve what has for a long time been the dream of the agricultural sector — access to property ownership.

Hence, the need to come up with certain major reform laws, from that simed at overcoming large land ownership and the recovery of uncultivated lands to the realization of vast projects of land reclamation and new discipline in agricultural agreements (a regulation as annoying as ever and one which has again been widely used in this period).

The impact with European reality has proposed once again, often in dramatic terms, the solution to what I have already defined at another session as the true theorem of Italian agriculture, characterized according to the definition given by certain scholars as sometimes profound, structural dualism. However, in this context it is to be noted that, in the last decade in EC circles, there have been substantial increases in agricultural productivity, either through an exodus or through a more intense and rational use of agrotechnical production means achieving an increase in the Gross Salable Product [GSP] of 1.8 in value and 1.4 in quantity.

However, with regard to the productive apparatus of our agriculture, it is still characterized by excessive fragmentation of land. The average farm plot is 8 hectares in Italy, 22 in France, 14 in Germany and the Netherlands, 60 in England and 200 in the United States. The relation between agricultural area utilized and that assigned to the sector is 6 hectares to 1 in Italy, 10 hectares in the other EEC countries and 125 to 1 in the United States. These few elements are sufficient to denounce the weakness of our productive system which gives rise to higher costs and spreads the income over a greater number of people. Another symptomatic comparative deficiency between Italy and the other EEC countries is that of the limited participation of agricultural firms in cooperative processes to a varying degree: Italy has only 15 percent participation, while France has 83 percent, Germany 77 percent and the Netherlands 80 percent.

This serious situation makes it impossible for our productive sector to benefit in terms of income from the added value which is determined in the price passing from production to consumption and also to the benefit of the consumer.

With cooperation and adequate teamwork we could take positive action in facing up not only to the problem of production but also that of commercialization, thus setting into motion a process which — bringing the production phase closer to that of distribution — would have an incisive influence on monetary stability assuring greater purchasing power when we consider that food takes up 36 percent of the family budget. At the beginning of this year the Central Institute of Statistics ascertained that there are 2.84 million people employed in agriculture out of about 20 million working people. This means that about 14 percent of the employed are engaged in agriculture. Although lower than in the past, this percentage is higher than that reported in other industrialized countries. In fact, according to the latest statistics, the people engaged in agriculture amount of 9 percent in France, 6.5 in West Germany and the Netherlands, 6 in Canada, 4 in the United States and even less in Belgium.

However, there is still a discrepancy to be cleared up between the North and South. In fact, while in northern Italy more than 12 million lire of GSP is achieved for each person employed, the comparable figure in the South is barely 5.5 million.

Half of the overall value of agriculture's GSP is furnished by the 8 regions of northern Italy and the other half by the 12 central and southern regions. In northern Italy animal breeding furnishes 55 percent of the commercial production. However, in the South animal breeding supplies scarcely 24 percent of commercial production.

This situation is all the more regrettable if we refelct that 20 years ago, when the EEC was created and the foundations were laid through a series of regulations applicable to the so-called "Green Europe," our country exported more agricultural food products than it imported.

Currently, the biggest drama in the agricultural sector is that of suffering inflation through the dizzying increase in the price of technical equipment with no possibility of transferring that increase to the price of agricultural products which, particularly in the last few years, has remained almost unchanged in many areas. Certainly in this mechanism there is room for a generalized agricultural policy whose implementation would also include the establishment of agricultural prices for the various market organizations. These prices are fixed by the EC Council of Ministers and, despite the efforts of EC institutions -- particularly those of the ECE -- we have not yet arrived at a system capable of knowing what is going on in agriculture upstream and in a large measure downstream.

In absolute terms agricultural income and, in general, the lifestyle of agricultural people are greatly improved as a result of measures taken by the Federal Government as well as by the implementation of the EEC agricultural policy. But it cannot be denied that in relative terms the discrepancy between agricultural and nonagricultural income has grown as has that between less

favored regions (generally, those which are predominantly agricultural) and more prosperous regions. This assertion is confirmed not only by various EC documents but also by a recent document prepared by the Italian government during discussions on the subject of "convergences" of the economies of the EC countries where it is asserted that the Italian region with the highest per capita income (Val d'Aosta) has an index of 86 in relation to the EC average, that is, lower than that of the poorest region of the Netherlands (90.5) and of Belgium (91.7) and only slightly higher than France's poorest department (85.4). It is not certain that this meeting should be devoted to an attempt to make an in-depth analysis of the causes and responsibilities of this situation. However, it is true that the benefits obtained by our country in the EEC's industrial sector have not found a natural "pendant" in an analogous development of our agriculture.

8568

C50: 3104

COUNTRY SECTION NETHERLANDS

CONFESSIONAL PARTIES, CDA MERGE INTO ONE NEW PARTY

Zurich NEUE ZUERCHER ZEITUNG in German 14 Oct 80 p 3

[Article by pmr: "Catholics and Calvinists Under One Roof"]

[Text] The Hague, 12 Oct--Last Saturday an "event which occurs but once in 100 years" took place at the "Nederlands Congresgebouw." Delegates from three parties steeped in tradition, the Catholic Peoples Party (KVP) and the two Calvinist associations, the Anti-Revolutionary Party (ARP) and the Christian Historic Union (CHU) met to found a new single party, the Christen Demokratisch Appel (CDA). In the Netherlands, whose parliament is composed of 11 different political groupings, the formation of a new party is otherwise no rare occurrence because splits of small groups of dissidents from established parties are routine. Over the past 12 years alone the KVP, largest of the three merging partners, has suffered two such painful losses of members. In 1968 the Political Party of Radicals (PPR), which today ranks to the left of the Labor Party, has risen from its midst and in 1972 it spawned the Roman Catholic Party of the Netherlands (RKPN).

The Impetus is Deconfessionalization

The main impetus for founding a new large party of the political canter came as a result of the weakening of the Catholic Peoples Party due to the defection of splinter parties and also due to deconfessionalization and "detrenchment" of Netherlands' society in the sixties. Prior to that time the KVP was able to rely on the votes of almost all of the Netherlands' Catholics. The "entrenchment" of society which reached down to associations and into families guaranteed the parties an almost stable voter potential. Catholics voted for the KVP, reformists for the ARP. Freethinkers gave their vote to the Liberals and workers in large cities to the socialists. But in the sixties the sharp delineation began to blur. Primarily Catholics took advantage of greater freedom following the Second Vatican Council and savored other political leanings. From 1963 till 1972 KVP's share of the vote shrunk from 31.9 to 17.7 percent.

As early as in 1967, after the first serious breach in the ranks of Catholics, who for 60 years participated in all of Netherlands' governments, the three confessional parties met to seek common ground in the gospel. The disparate development of both Protestant parties but also differences within the KVP accounted for the "13 troubled years"--in the words of the commemorative document published on the occasion of the founding, until last Saturday the CDA finally consented to the christening.

Progressive and Conservative Protestants

The Anti-Revolutionaries, whose spiritual father Groen van Prinsterer concluded around the year 1830 that the Prench Revolution was rooted in profound faithlessness, developed in spite of their name, into the progressive wing of the Christian Democrats. The young intellectuals among the party's leadership felt greater allegiance to the Socialist Worker Party than to their conservative CHU coreligionists. They made the life of the center-to-right-wing ruling van Agt government frequently difficult by their adamant opposition to nuclear power and nuclear weapons, South African Apartheid and social injustice in their own country. Of the three confessional parties they alone lost no votes in the past 2 decades. While their share of the vote never fluctuated by more than 9 percent they were unable to bring with them all their supporters into the CDA. A "few hundred," led by Professor Goudzwaard, the party's former ideologist who was fearful of overly strong right-wing influence within the CDA, remained aloof.

Like the KVP, the Christian Historic Union lost almost half of its consituency between 1963 and 1972. Its share of the vote decreased from 8.6 to 4.8 percent. But the party survived this reduction in strength without major internal dissent. In contrast, the KVP is torn between the conservatives and the moderately progressives to this day and therefore can be viewed to form a bond between the two Protestant wings. The partisans of both KVP wings are also among the leaders of the CDA. They are Prime Minister van Agt and his close ally, CDA fraction chairman Ruud Lubbers.

Rocky Road to Unification

The CDA was founded as long ago as 23 June 1973, not as a party but as a temporary rallying place for the Christian Democrats. However, at that time the will of the three confessional parties faced a severe test. Just a month before the red-black den Uyl cabinet was formed only the ministers of two CDA parties, the Catholics and the Anti-Revolutionaries participated while the Christian Historicals were at times in strong opposition.

In spite of this incident the three parties put up a joint slate for the first time following the premature fall of the den Uyl government. Andreas van Agt, deputy premier and minister of justice in the van Uyl cabinet was chosen to lead the slate of candidates. The conservative Catholics succeeded in avoiding polarization between the right and the left wing. Van Agt entered the election campaign advocating "ethical renewal" and succeeded in stemming the inexorable downslide in voter strength of the Christian Democrats dating back a decade. Compared with the 1972 elections, when the three confessional parties ran separately the CDA was able to gain an additional seat in parliament by raising their share of the vote form 31.3 to 31.9 percent. With 49 deputies the CDA became the second largest party after the victorious Socialists.

The Christian-Liberal government coalition which came into being after 7 months of unsuccessful negotiations with the Socialists was another hurdle in the way of the striving for unification of Christian Democrats. The ARP and a large part of the Catholics were staunch supporters of a red-black coalition. In parliament seven CDA deputies promised to support the cabinet, which anyhow governed with the tenuous majority of but two votes, only "from time to time." The young idealists of the Anti-Revolutionaries kept constantly pushing the government to the edge of the abyss be

it over the Almelo uranium enrichment plant, the neutron bomb, the stationing of American medium-range NATO missiles or the policy toward South Africa. But van Agt knew how to maneuver skillfully between the left and the right wing of his CDA fraction and even though many observers criticized the vague and vaccilating policy of the Christian Democrats, they enjoy—to judge by the results of the provincial elections and by answers to questions on the ballot—rising voter confidence.

Demonstrative Harmony

At last Saturday's unification congress the fights and setbacks of past years were well-night forgotten, even though the speakers of the day were not trying to cover up quarrels and resorted frequently to mild irony. But the delegates who held the rostrum for only a short interval covered up all contradictions with the mantle of Christian brotherly love. They applauded not only Hans de Boer, the retiring president of the Anti-Revolutionary Party, when he uncompromisingly rejected the siting of American medium-range missiles in Europe but also his two CHU and KVP colleagues, who quoted from the Bible without committing themselves. Ruud Lubbers, who at the beginning of the congress called for more democracy in enterprises and a more equitable distribution of incomes, received the same applause as Prime Minister van Agt, who found the minimum wage for juveniles decidedly too high and praised women who selfiessly took care of their families, the elderly and the disabled.

Still, the outgoing president of what up to that time was the CDA federation, Piet Steenkamp, raised the question of the place of the CDA within the political spectrum. He emphasized that no other party was a natural ally of the CDA but the "weak and the humble" in the country and the world. As a consolation to party members who were frequently upset over the fractional fights among the leadership Piet Bukman, the new president, offered a parable. A wingless bird, Bukman said, is a sad spectacle, interesting at best as an animal to be quickly fattened for slaughter.

8664

COUNTRY SECTION SWEDEN

BRIEFS

DEFENSE COMMAND EXERCISES -- Last week in Kristianstad, exercises were carried out for the leadership of the overall defense in southern Sweden. During the exercises, around 1,000 civilian and military participants were able to study and solve problems that will face society if war breaks out. Leaders of the exercises were commander in chief Lennart Ljung and chief of the civil defense board, director general Gunnar Gustafsson. "The exercises had two purposes," the commander in chief said. "The first was to practice staff procedures, i.e. to teach people to work within these organizations and to use lisison methods and computers. The second was to practice coordination between the civilian and military command organizations. Our experience is that this cooperation has been good. The importance of this cooperation must be stressed," director general Gustafsson says. "Previously, the military waged war and the civilian authorities stood to the side. Since the Second World War, the idea of an overall defense has developed, in which each branch has its task--the military must keep the enemy away and the civil defense look after the protection and maintenance of the people. "This cooperation must be practiced. At the same time, the exercises give us experience for continued planning of our overall defense," the exercise leaders say. King Carl Gustav followed the command exercises on Thursday and on Wednesday members of the defense committee, among others, made study tours. [Stockholm DAGENS NYHETER in Swedish 19 Oct 80 p 34] 9336

COUNTRY SECTION SWITZERLAND

GENEVA PROTOCOL ON USE OF DEADLY WEAPONS, SWISS VIEWS

Zurich NEUE ZUERCHER ZEITUNG in German 12/13 Oct 80 p 2

[Article by zi: "New Geneva Protocol on Use of Inhuman Weapons. Modest UNO Conference Results"]

[Text] Geneva, 10 Oct -- After 7 years of negotiations, including numerous preparatory expert discussions, the Geneva "Weapons Conference" has now come to a concrete conclusion. Its objective was to prohibit the use of particularly inhuman weapons with questionable military practicality, which could however be used in a conventional war. There now exist three protocols and a skeleton convention which contain the result of these negotiations carried on by approximately 80 governments. It is a result reached by a procedure of consensus and with all the positive and negative compromises which are inherent in a unanimity reached on a worldwide basis. Diplomats who participated in this work are talking of a reconciliation of humanitarian objectives with military requirements, but they intimate that many an expectation has not been fulfilled.

Partial Ban on Fragmentation Bombs and Incendiary Weapons

The idea of reducing the horrors of war through additional international agreements came from the International Red Cross Committee. The Diplomatic Conference on Humanitarian International Law of 1974/77 had left open the question of such weapons prohibitions because this subject also has important military aspects. Special conferences concerning this matter, convened by the International Red Cross Committee, were held in Lucerne and Lugano in 1974 and 1975. Subsequently, UNO acquired this task. A first session under the latter's auspices had taken place in Geneva in 1979, after which another, second phase of 4 weeks' duration became necessary.

One protocol regulates the "prohibition or usage limitation of land mines and insidious booby traps as well as of other weapons of which similar disposition can be made." "Insidious traps" are considered to be, for instance, explosive charges in utensils, food articles, toys, and so forth. A detailed definition is given of these dangerous objects, which also include mines which can be placed at long range. Their offensive or defensive employment against the civilian population is prohibited under all conditions, as is their "employment without any discrimination." The prohibition does not apply to strictly military objectives. The agreed-upon employment restrictions have been formulated in different ways depending on the type of weapon involved. Sites at which such objects have been placed must be recorded so that they can be removed safely after the termination of hostilities.

Whereas mines and booby traps are actually part of the arsenals of many countries and are to a far-reaching extend also included as defensive weapons, the prohibition of splinter weapons, which is regulated in an additional protocol, was hardly contested. Involved here are weapons the splinters of which cannot be detected in the human body by means of X-rays and which are therefore particularly dangerous. This ban was a matter which had already been decided upon last year. There remained only negotiations concerning the determination of the additional plastic parts of these objects. No consensus was reached concerning the matter of small-caliber weapons.

The protocol concerning incendiary weapons is referred to as the politically most important protocol. Is the restriction on their employment to apply only to Napalm, or is it to be generally applicable for incendiary weapons? Not without the influence of the Swiss delegation, the United States struggled its way through to a positive answer to this question, whereupon the Soviet Union gave its consent after some hesitation. The only sector protected, however, is the civilian one, which is basically already protected by hitherto valid international humanitarian law. Additionally, military targets are covered by the ban only if they are located in civilian surroundings. There is therefore no noteworthy protection for combatants.

Switzerland Complains About Inadequate Protection for Combatants

This was one of the points to which the Swiss delegation, headed by Ambassador Pictet, objected. Switzerland was in favor of a total ban on incendiary weapons and its last proposal was aimed at obtaining at least limited protection for the armed forces, although this was not successful. Switzerland is also dissatisfied with the ruling that mine relocation plans must be reported only after a total withdrawal of enemy troops.

The main weaknesses of the conference have thus probably been mentioned. The progress which has been achieved is a modest one. The inhuman effects of only a small number of conventional weapons are being eased somewhat. This does not go very far beyond the formerly valid Red Cross conventions. It is hoped that the revisory mechanism which is provided for in the likewise adopted skeleton convention will soon make it possible to achieve further progress.

SPECIAL IRAQI ENVOY MEETS WITH EVREN ON WAR

Istanbul CUMHURIYET in Turkish 10 Oct 80 p 5

[Text] Chief of State, Chief of the General Staff and Chairman of the National Security Council General Kenan Evren yesterday received at the Cankaya residence the Iraqi Minister of Youth Kerim Mahmut Husayn, who was acting as the special envoy of the Iraqi Chief of State Saddam Husayn. In a statement regarding the meeting it was announced that the Iraqi Youth Minister had given information regarding the war between Iran and Iraq. At the same time it has been reported that the Iraqi government has proposed that Turkey undertake to mediate these hostilities.

Reports on this subject, sourced to Arab diplomats in Beirut, did not provide any information on the manner in which this proposal was made.

lraqi Representative in Ankara

Kerim Mahmut Husayn, Iraqi Youth Minister and personal representative of Iraqi Chief of State Saddam Husayn, was received yesterday at the Cankaya residence by Chief of State General Kenan Evren.

The statement issued on this visit by the Press and Public Relations Office read as follows: "The personal representative of the Iraqi Chief of State Saddam Husayn, Youth Minister Kerim Mahmut Husayn, who came to Ankara yesterday (the day before yesterday), brought a message to our Chief of State touching upon regional developments and relations between the two countries and included good wishes.

"In discussions with the special representative all aspects of relations between Turkey and Iraq were dwelt upon. At the same time the Iraqi Youth Minister explained to our Chief of State, our Prime Minister and our acting Foreign Minister the Iraqi position with regard to the misunderstanding between Iran and Iraq."

The Iraqi Youth Minister Husayn will visit Greece at the conclusion of his contacts in Turkey.

Besides Kerim Mahmut Husayn four other Iraqi officials have set out on visits to various countries.

9353

'TERCUMAN' COMMENTS ON POLITICS, ARMY

Istanbul TERCUMAN in Turkish 3 Oct 80 pp 1, 12

[Commentary by Bazli Ilicak: "The Mud of Politics and the Army."]

[Text] General Kenan Evren, in his speech to the students of the War Academy, made mention of "becoming sullied by politics, sinking into the mud of politics."

It is true that in the last few years sterile wrangling, petty deceptions, have made politics and politicians unpopular in the eyes of the public. Yet, politics is not always a sea of mud. The Meydan-Larousse dictionary gives two definitions of "politics." The first: "the art of organizing and carrying out affairs of state;" the second (in the figurative sense): "cunningly executed business or activity; to carry out one's business by acting or speaking in a manner concealing what one is thinking, in order to attain one's goal."

A politician: "one who occupies himself with affairs of state, with the administration of government..." In the figurative sense: "one who exploits the feelings of others for his own personal benefit." It is not right to brand all politics and politicians thus and to speak of the "mud of politics." In the hands of a statesman politics, a political party, is a means for bringing the country to a state of prosperity. Just as there are good and bad civil servants, good and bad soldiers, there are politicians who have earned the title of statesman, and there are also bad politicians who consider only their personal gain, full-time practicioners of cunning...

Politicians are an essential component of democracy. The aim is to have those engaged in politics working to earn the designation of statesman, rather than being politicians in "the figurative sense." Politics sometimes means the telling of lies, telling everyone what they wish to hear, but sometimes, on the other hand, it is the art of governing the country without hurting the people and in the direction of their aspiration. Politics in this second sense, and also politicians, are deserving of our respect.

Only if politics contaminates the army, then truly the country is falling into the midst of great calamities. We believe that General Evren, when talking about "the mud of politics." was looking at events from this point of view.

The Army and Politics

The Second Constitution was the work of the CUP [Committee for Union and Progress]. This committee had many supporters in the army. After the proclamation of the Second Constitution, quite naturally, the members of the committee came into important positions. The new administration, which had put forth great promises and had said it would halt the disintegration of the state, was in time unsuccessful and lost the confidence of the people. But the CUP party, leaning on the support of the army, especially of young officers, used this as a means of maintaining its rule of the state. The opposition, in order to be in a position to fight against the CUP, chose the path of seeking supporters within the army ... The fact that officers belonging to the CUP, without severing their connections with the army, held political and administrative posts in the party, as a consequence being influential -- when required -- in the running of the government, gaining influence in the highest administrative posts that exceeded that of their superiors in rank, and finally as a result rising much more rapidly in their own careers, all of this evoked the envy of their fellow officers and gave rise to a situation that threatened the discipline of the army. A number of officers who had not joined the CUP, in order to attain the same privileged position, came to want to join other political organizations or to form their own organizations ... This is how the "Group of Savior-Officers" came into being. This group published a manifesto, calling for "a change of government, the dismissal of parliament, and the holding of free elections without the interference of the police or the gendarmerie" (June 1912). In fact, in January of that year the CUP had arranged "elections with cudgels," gaining control of all of parliament in a manner the legality of which was much disputed. The Group of Savior-Officers' manifesto brought a collapse of the authority of the CUP. Yet, the "Great Cabinet," founded under the direction of Gazi Ahmet Muhtar Pasha and bringing together the leading statesmen of the country and former prime ministers, also failed to achieve success. The reason was that it was impossible to have these people, who among them had no unity of views and thoughts, working together over a prolonged period and to find and apply measures which would save the country from the dead end it had been swept into. It proved impossible to arrive at a joint policy, and the Great Cabinet dissolved after three months.

Events followed one another. The term of Kamil Pasha, prime minister after Ahmet Muhtar Pasha, came to an end with the raid on the Sublime Porte. Talat Bey and Enver Bey raided the prime minister's palace and shot Nafiz Bey, the prime minister's aide-de-camp, and War Minister Nazim Pasha during the struggle. Enver Bey told Kamil Pasha, "the nation doesn't want you, resign!" Kamil Pasha wrote the sultan that "as a result of the demand of the army he was forced to resign." Enver Bey and Talat Bey added to this the word "the people," and made it read "of the people and the army."

The GUP made Mahmut Sevket Pasha prime minister. Using the death of the Pasha a few months later, the result of a political assassination, as an opportunity to clean up the opposition, they came to be the sole directors of the destinies of Turkey until the 1918 Mondros Armistice.

During the puriod of the Second Constitution, the disintegration of the Ottoman Empire was accelerated. Apart from the end of centuries of Ottoman rule in Rumelia after the tragedy of the Balkan Wars and the world war, our very existence and independence were also threatened.

It is in the light of such bitter events that General Evren now calls out to the young students of the War Academy: "Beware, do not get mixed up in the mud of politics!"

SPECIAL COURTS TO SPEED UP JUDICIAL PROCESS

Istanbul CUMMURIYET in Turkish 2 Oct 80 p 5

[Statement by Minister of Justice Cevdet Mentes reported by Isik Kansu]

[Text] Ankara, 2 Oct -- CUMHURIYET BUREAU -- Minister of Justice Cevdet Mentes has revelaed that persons arrested for involvement in terrorist incidents are being kept under strict surveillance in separate parts of prisons, in a manner preventing them from coming into contact with other convicts and detainees.

in a statement to CUMHURIYET, Mentes announced that studies are proceeding on the setting up of new special courts to bring about a speedier administration of judicial services, and that the juvenile courts, the law regarding which is to go into effect next month, are to be completely set up throughout the entire country within five years.

Laws in the Government's Program

Nantes stated that studies had begun on the government's program to bring about changes in the following laws: the law on political parties, the law on elections, the law on state security courts, the Turkish criminal code, the laws governing criminal and civil procedure, the law regarding the adjudication of witnessed crimes, and other laws containing criminal penalties. Mentes continued as follows:

"Giving priority to matters which affect the speedy carrying out of judicial procedures, the studies will be completed in a very short time, and proposals will be presented to the Prime Minister's office.

"There are at present special courts operating in our country, such as the labor courts, the title courts, traffic courts, and hard currency courts. With the aim of bringing about the speedier and sounder delivery of judicial services, studies are continuing regarding the establishment of new special courts."

Mentes said that in the past escapes in various forms had occurred from high security and medium security prisons, and that in the case of each escape investigations had led to both criminal and administrative actions against those found to have been responsible.

Terrorists in a Separate Section

Mentes, who stated that persons arrested for involvement in incidents of terrorism were being kept under close surveillance in separate sections of prisons, in a manner preventing them from coming into contact with other convicts and detainess, also added the following on this matter: "On the other hand, in the case of those prisons not suited for this, supplemental appropriations have been obtained for separating certain parts of those prisons from other parts, and necessary repairs and improvements have been begun. We are proceeding towards a policy of taking those among the above mentioned kind of detainess whose sentences have been confirmed and who retain no connection with local courts, and concentrating them in certain prisons, thereby completely segregating them from other convicts and detainees.

"In the case of any mass incidents taking place in prisons, the most forcible measures will be applied without hesitation in accordance with previously determined plans."

Juvenile Courts

Minister of Justice Mentes, recalling that law number 2253 "on the establishment, duties, and judicial procedures of juvenile courts" is to come into effect on 21 November 1980, said for the record that these courts will be set up throughout the country within five years. Mentes added that during this interim period cases involving minors would be heard by courts empowered to do so by the law, and that efforts would be made to bring about amendments to make good deficiencies in the existing law, pending the coming into effect of the new law.

9620

PUBLIC PROSECUTORS GIVEN MARTIAL LAW LEGAL ROLE

lstanbul TERCUMAN in Turkish 9 Oct 80 pp 1, 12

[Text] The MGK [National Security Council], the Minister of State and the General Staff, in a meeting chaired by General Kenan Evren, has decreed changes in certain articles of Law Number 1402 on the establishment of martial law and has added a supplementary article to that law. By the amended article the pay raise for martial law service was made effective as of 1 July 1980 and with the supplementary article the martial law courts were empowered to make use of republic prosecutors and assistant prosecutors in cases where they were felt to be needed.

Service Raises

Premium pay is awarded according to rank to personnel actually assigned to duty with the Martial law Military Service Coordination Directorate, those under the orders of the martial law command and who are employed by written orders of the command for designated periods and posts and who actually serve in this capacity. Accordingly, generals and admirals are to receive premium pay 10 times the amount of the coefficient established each year in the budget law.

In a meeting yesterday afternoon the MGK approved two bills ratifying international agreements.

According to one of them, an agreement on the extradition of criminals between Turkey and the United States, the two countries are obligated to take action against the other's citizens who are the subject of legal proceedings, who have been charged with a crime or who have been sentenced for a crime, as may be requested by the other country in accordance with the provisions of the agreement.

According to the "Supplementary Social Security Agreement between Turkey and Switzerland" which was also approved by the MGK, Turkish citizens who are employed in Switzerland may, at their own request, be paid solely on the basis of Turkish laws and by Turkey.

9353

PENAL SYSTEM UNDERGOING CHANGE

Istanbul HURRIYET in Turkish 4 Oct 80 p 8

[Text] Ankara, 4 Oct -- TURKISH NEWS AGENCY -- It has been learned that along with the proposal for changes in the Turkish criminal code prepared by the Bulend Ulusu government, changes are also in the works for the military criminal code, and that studies on this matter that have been under way since 1977 are about to be completed.

According to information that has been obtained, the proposal for changes in the military criminal code that is being readied does not limit itself to certain articles of the code. The old law, number 1632, is to be entirely scrapped and a new law is being prepared.

The proposed new law, which leaves out several articles of the old law and transfers some of its articles to other laws, also consolidates a number of articles and changes the definitions for certain offenses.

It has been learned that in the drafting of the new law, criminal penalties for violations of articles 141, 142, and 163 of the Turkish criminal code by persons serving in the military are to be increased by a factor of one third, while the criminal penalty called "degradation and expulsion from military service" has been eliminated and replaced by "expulsion from military service."

On the other hand, the proposed new law has eliminated the provisions in the old law naming extension of the term of military service as a criminal penalty, according to information we have received.

The Scope of the New Law

The proposed new law, unlike the old law, does away with considering the repetition of only certain specified criminal offenses as an aggravating circumstance, but accepts repetition of all acts called criminal offenses under the law as aggravating circumstances.

Further, the criminal penalties of expulsion from the service and dishonorable discharge, which are listed separately in the old law, are consolidated in the new law, since both penalties bring about the same consequences, i.e. the taking back of decorations, medals, diplomas, and certificates, and the loss of retirement benefits. Accordingly, the new law will have a penalty of "expulsion from military service."

In the proposed new law, the criminal offenses termed "crimes against the fatherland" are redefined as "crimes committed against the state of the Turkish Republic and against national defense," and criminal penalties are planned accordingly.

As grounds for eliminating the criminal penalty of extension of the term of military service, it is stated that "military service is a national duty, a right, and an obligation, and having it listed as a penalty in the law has undesirable psychological implications."

The proposed new law eliminates the provision in the old law terming the marriage of military personnel without official permission a criminal violation.

The Crime of Public Insult and Contempt

It has also been learned that studies are still under way as to whether or not the new law is going to include the criminal offense of publicly insulting and holding in contempt the military forces of the state. This had been added to the 1930 law by an amending clause in 1972. The aforesaid clause added to the old military criminal code was declared unconstitutional by a decision of the Constitutional Court in 1978.

Articles 141, 142, and 163

The article of the new law which foresees the increasing of penalties for violations of articles 141, 142, and 163 of the Turkish criminal code by persons in military service or by civilians working for military organizations and the armed forces, plans to double these penalties for commission of these violations in time of mobilization or war.

The article further states that if in the course of committing the above mentioned violations harm is suffered by the military services, the penalty is to be no less than 15 years imprisonment, while if the harm caused is significant in nature, a sentence of life imprisonment is mandated.

9620

INTEREST RATES FAIL TO ATTRACT SAVINGS

Istanbul TERCUMAN in Turkish 10 Oct 80 p 5

[Text] Developments in savings deposits since the beginning of July up to 19 September reveal that the new high interest rates implemented by the banks as of 1 July have not proved to be effective in attracting money to the banks.

As is known, the Demirel government freed interest rates in a new resolution, however, the banks entered into agreement among themselves to prevent competition and announced jointly determined rates. Interest rates set by the banks for savings deposits have led to intense debate as to whether they would prove to be attractive enough in view of the rate of inflation. Moreover, the high rates of interest on credit have been criticized by industrialists and businessmen. At the same time bankers have continued since 1 July, as they did before that date, to give savings holders higher rates of interest than the banks.

Unexpected Consequences

It is clear from the money and banking statistics published by the Central Bank 19 September that contrary to expectations the inclination on the part of the public to deposit their money in tanks has diminished and their preference for liquidity has increased.

Issue, which is the basic source of development in deposits, increased at a rate of 27 percent in the period between 1 July and 19 September while total bank deposits only increased at a rate of 20 percent. At the same time actual money in circulation increased at a rate of 36 percent.

If the new higher interest rates had been effective in attracting money to the banks, the opposite of the above developments would be expected. In other words, deposits ought to increase at a more rapid rate than issue,

On the other hand, time deposits which were expected to be fundamentally influenced by the new interest rates also lagged behind issue and increased only by 24 percent.

The so-called 'money multiplier" and other studies relying on more scientific calculations also confirmed that the money multiplier did not change during the period 1 July through 19 September and that there had been no rise whatsoever in public preference for bank deposits.

In face of these developments observers expressed the opinion that the public has in general found the interest on bank deposits to be inadequate with the current rate of inflation being what it is. END

153

END OF FICHE DATE FILMED

DECEMBER 5, 1980

D.2